

Ghent University

**Mergers and Acquisitions: A multiple
method
study on the impact of culture differences
on strategy realization**

**Thesis submitted in fulfillment of the degree of
Doctor in Applied Economic Sciences by Vera Hartog**

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Abstract

The objective of the study is to gain a better understanding of the process towards strategy realization in M&A. Extant research literature points to culture differences as a key impediment to strategy realization. This motivates our two main research questions: (1) why do culture differences have the potential to impact strategy realization? (2) how do culture differences in post-acquisition integration impact strategy realization?

This thesis is a multiple method study in which the qualitative part consists of an exploratory field study and the quantitative part tests a key finding for external validity and merit of further research. The field study is situated in one overall context of Wegener NV, a Dutch listed company in the information services industry which acquired VNU's newspaper businesses. It examines 14 newspaper and newspaper-related integration instances, in separate legal entities going through different types of post-acquisition integration approaches. These approaches corresponded to an established framework in the acquisition literature, Haspeslagh and Farquhar's (1986) typology, expanded in Haspeslagh and Jemison (1991), consisting of preservation (high need for organizational autonomy, low need for strategic interdependence), symbiosis (high need for organizational autonomy, high need for strategic interdependence) and absorption (low need for organizational autonomy, high need for strategic interdependence). In addition a number of instances were observed where parts of the value chain were de-integrated before being combined, a phenomenon which we called de-weaving.

Surprisingly, although culture differences were very much present, the inter- and intra-company cooperation needed to realize strategic task objectives was not impacted by the degree of culture differences nor by the degree of contact, as the literature would have predicted.

Rather than by a negative impact of the acquisition partner's culture - which was held constant in our field setting - employees throughout the hierarchy considered their culture to be threatened most by perceptions of uncertainty.

Such perceived uncertainty stemmed from the integration approach implemented, and was found to be a dual construct comprising perceived organizational uncertainty and perceived personal uncertainty.

In the quantitative part of the study, the emergent hypothesis - that culture is a dynamic phenomenon depending on the conditions of post-acquisition integration - was tested through a vignette based experiment, with the integration approach as the independent variable and the phenomenon culture as the dependent variable. Following Haspeslagh and Farquhar (1987) the determining factors distinguishing the integration approaches were the level of autonomy granted and the level of interdependency required post-acquisition.

Primary data were collected from a sample (n=802), which was homogeneous to the extent that all respondents were going through or under threat of a merger or acquisition, and heterogeneous in respect of age, gender, nationality, tenure, function, level of education, field of education, congruence between field of education and function, and job market prospects.

The testing of external validity being the objective, validity, reliability, and high statistical power were considered to be critical in the quantitative research design. Results show that the socially constructed phenomenon culture is universally affected by changes to the level of autonomy granted and the level of interdependency required.

The study enables a better understanding of why and how culture differences impact strategy realization in mergers and acquisitions.

Our first research question, namely why culture differences affect strategy realization, is partly explained by the observation that post-acquisition strategy realization depends to a large extent on achievement of non-routine tasks. During post-acquisition integration business is not as usual and strategy realization subsequently depends on pro-active behavior engendering inter- and intra-company interaction and cooperation. Throughout the hierarchy, it requires employees to perform duties, which are different post-acquisition and which are so situation specific that initially they have not crystallized into formal work

procedures and therefore are to a large extent discretionary. Exerting considerable efforts on behalf of the organization is what in literature is termed commitment. In the field study, respondents found organizational commitment to be the most significant characteristic defining culture. Differences on other characteristics of culture such as uncertainty avoidance, power distance, etc were found to require a mere process of adaptation. Strategy realization is jeopardized when organizational objectives are not understood and/or when organizational commitment is not part of the cultural make-up of one or both organizations going through post-acquisition integration.

On the second question, how culture impacts strategy realization, our main contribution has been to show that culture is a dynamic variable in post-acquisition integration. The results of the quantitative test show that patterns of behavior conducive to strategy realization are not stable and uniform across integration approaches, culture is impacted by types and levels of perceived uncertainty stemming from post-acquisition integration. Our findings have an important impact on how to manage post-acquisition integration.

Conclusions are drawn about the importance of implementing the appropriate integration approach vis à vis strategic and organizational task objectives and the importance of addressing perceptions of uncertainty stemming from changing levels of autonomy and interdependency required.

CHAPTER 1 - INTRODUCTION

Mergers and acquisitions (M&A) by their sheer size and number carry strategic importance for companies, industries, and the economy as a whole. While there is a large body of literature researching motives for and performance of M&A, the results from these studies have not been consistent or conclusive in their explanation of performance (Larsson & Finkelstein 1999, Weber 1996).

However, scholars (Feldman 1995, Marks & Mirvis 1997) do agree that the post-acquisition integration process is an important factor in determining M&A performance. This to the extent that successful management of the post-acquisition integration process is considered to have lasting effects, reflected in the sustainability of growth and performance over long periods of time (Shrivastava 1986).

Researchers recognize that understanding post-acquisition integration is central in the process towards strategy realization and that culture is a factor in the process which may either foster or inhibit inter- and intra-company cooperation

(Buono & Bowditch 1985, Nahavandi & Malekzadeh 1988, Schweiger & DeNisi 1991).

In the post-acquisition integration process, culture is an important construct, which requires additional understanding regarding the nature of the phenomenon and its effects (Lenartowicz & Roth, 1999).

The following three premises set the framework of the research area. One, strategic M&A (Haspeslagh & Jemison 1991) are a select opportunity to create value by enhancing a firm's capabilities. However, although M&A are a well-traveled road, they are not a proven route to value creation (Chatterjee 1992, Datta et al. 1991).

Two, the post-acquisition integration process is considered a crucial factor in the determination of post-acquisition performance (Pablo 1994, Schweiger & Walsh 1990). This is especially so in strategic M&A as enhancing a firm's capabilities can involve processes as diverse as adding necessary skills and technology, reducing risk, using spare resources, streamlining, sharing financial resources, cutting cost, expanding operations, market penetration, and exchange of knowledge.

Three, prior research found culture differences between acquisition partners to be at the root of obstructions to cooperation in post-acquisition integration processes (Nahavandi & Malekzadeh 1988, Very, Lubatkin & Calori 1996).

Clashing cultures throughout the corporate structure are found to poison an integration process and subsequently prevent synergy from being realized (Shrivastava 1986, Weber et al. 1996). Dunning (1997) found the ability to

manage culture differences central to obtaining a noticeable competitive advantage.

This research project is concerned with strategy realization and looks at culture from a process perspective. The aim of the present study is to understand the antecedents and consequences of culture differences as they affect strategy realization.

A review of existing literature on M&A and adjacent fields did not result in a solid body of knowledge on which to base specific hypothesis as to why and how culture differences impact strategy realization in M&A. Given this state of knowledge we opted for a field study to generate new insights (Eisenhardt 1989, Yin 1989) examining the phenomenon of interest and its contextual conditions (Collis & Hussey 2003, Strauss & Corbin 1990). The explorative field study is followed by a quantitative research approach testing the external validity of a key aspect of the emerging theory.

The structure of the thesis is organized around six main sections. The research project being exploratory and integrating research from different fields of science results in the literature review being broader than that usually found in confirmatory studies. However, the approach is in line with researchers' criticism (Larsson & Finkelstein 1999, Schein 1985, Weber 1996) that complex events require the development of a conceptual framework integrating the theoretical foci from different fields of science.

Chapter 2 reviews published research on each of the building blocks on which the present research project rests. Namely, mergers and acquisitions, performance, post-acquisition integration, culture, and change management. The purpose is to provide the foundation for the later framework of investigation for the field research.

Chapter 3 concerns methodological issues on both the qualitative and quantitative part of the research project.

The following section, Chapter 4, presents the exploratory field study. The findings result in the framework for investigation, presented in figure 5.

Chapter 5 tests the external validity of the field study findings directly related to the research question. This part of the thesis is a vignette based controlled field experiment.

The concluding chapter, Chapter 6 discusses the research findings, highlighting implications, limitations of the study, and points to future research.

CHAPTER 2 - THE CONCEPTUALIZATION

This chapter develops a conceptual framework integrating research findings in the fields of economics (strategy, industrial economics and finance), social science (organizational behavior and social psychology) and neurobiology. Emphasis is put on understanding of the subject material, not on the compilation of complete reviews of the fields of science touched upon. Aiming to understand why and how culture differences impact strategy realization, the process - running from strategic motives for M&A to realization of these strategic aims - is studied. Subsequently, this chapter looks at the key drivers of mergers and acquisitions, performance, post-acquisition integration, culture and change management.

2.1. MERGERS AND ACQUISITIONS (M&A)

As the last few decades firms have increasingly committed themselves to M&A, performance has been getting a lot of research attention (Hitt et al. 2001). However, with respect to M&A's performance, the judgment of scholars, in the

field of strategy, industrial economics and finance, is all but unanimous. Neither economic theory nor empirical evidence offers hard evidence for sources of M&A performance. Complicating matters, apart from strategic motives a whole list of unstated personal motives and external sources of pressure are also leading to mergers or acquisitions.

2.1.1. M&A as a Strategy for Growth

The literature dealing with M&A from a strategic viewpoint studies M&A in terms of the realization of external corporate growth.

To achieve this Hitt et al. (2001) distinguish three main strategies, horizontal, vertical, and diversification. Horizontal M&A focus on companies in the same industry aiming to increase market power by concentrating on the core business by acquiring existing competitors (Cool et al. 1989). Vertical M&A regard companies that seek to produce their own inputs by buying supplier businesses which is referred to as backward integration, or seek to absorb their own outputs, known as forward integration (de Wit & Meyer 1998). Vertical M&A aim at managing more links in their value chain. While diversifying M&A seek to exploit value chain commonalties (Hill & Jones 1998).

Rumelt (1974) recognized two types of diversification. He defined related diversification as extending a company's present market position, and unrelated diversification as taking the company into non-overlapping new markets. Regardless of the stream of literature examining the relationship between

relatedness and performance, empirical evidence on the subject is not conclusive.

To illustrate divergent research results and problems related to measuring performance, Lubatkin (1987), Shelton (1988), and Singh & Montgomery (1987) found that producing synergy in combination with enhanced value was linked to operating in related markets. While Harrison et al. (1991) conclude that it is easier to achieve unique and company specific synergies in unrelated acquisitions. Then again Seth (1990) found no significance relation between relatedness and performance.

At the same time Nayyar (1992) with "On the measurement of corporate diversification strategy: Evidence from large U.S. service firms" deals a blow to transparency, arguing that for research purposes externally available data may not be detailed enough to accurately establish relatedness. Chatterjee et al. (1992) have sought to define relatedness and its positive effect in terms of production functions and technologies, organizational cultures and customer groups. And the dominant logic theory of Prahalad and Bettis (1986) shifts relatedness to another plan altogether, in their view relatedness could range from product-market to mental maps.

Cool and Schendel (1988) remark that previous research has paid little attention to whether and why members of the same strategic group produce different performance results. And Hitt et al. (2001) observe that linking performance to strategic motives might be difficult as strategic motives for M&A are manifold and with more than a single motive leading to a merger or acquisition.

Apart from horizontal, vertical and diversifying initiatives, strategic risk reduction is a motive for M&A. The theory of preemptive mergers is based on the observation that under conditions of consolidation, being an insider is preferable to being an outsider (Fridolfsson & Stennek 1999, Larsson 1990). An organization's strategy of focus can get threatened by merged competitors who will do their utmost to increase their capacity, efficiency of products and services production, and the distribution thereof. In this light, and as strategic decisions concern the long term health of a company (Chandler 1962), life for smaller companies - not being able to attain the same economies of scale and/or scope -, and that of niche players becomes a struggle. Small might be beautiful but there is safety in size (Hayward & Hambrick 1997, Roll 1986).

Organizational standing is also a synergetic construct, which could be labeled risk reduction. Both standing and reputation of an organization build social legitimacy (Fombrun & Shanley 1990, Shenkar & Yuchtman-Yaar 1997). Reputation creates a social reality for the combined organizations' environment, an ability to manage their environments in support of their best interests, and by allowing better access to scarce resources (Barney 1991, Hall 1992). A favorable reputation is an intangible asset positively affecting performance. Deephouse (2000) investigated media reputation and found it to be valuable, rare, non-substitutable and imperfectly imitable competitive advantage.

Not exactly a motive for M&A, but certainly a ground is the replacement of inefficient management, earmarked 'the market for corporate control'. The

acquiring company is of the opinion that it will be able to put the target's assets to better use (DeYoung 1998, Wall & Gup 1989). Not all companies are willing or capable of adapting to changing industry or firm-specific conditions. If restructuring is needed but fails to take place, the inability of the target company's management constitutes an opportunity for value creation (Chatterjee 1992). This is closely linked to the agency problem, which occurs when the interests of managers and shareholders are no longer aligned (Ravenscraft 1990, Jensen 1988). Conversely, managerial resources can also be a rent generating resource for which a premium is paid (Castanias & Helfat 1991).

The academic literature has relatively little to say on the performance effects of M&A driven by objectives of 'personal' strategic growth. The managerial pursuit of self-interest, typified 'hidden agenda'. Cartwright & Cooper (1992) list the forms, which 'unstated psychological motives' can take. It spans high visibility, enhancement or renewal of credibility, restoring self-confidence, egotistical need to exercise power, empire building (Hawawini & Swari 1990, Hill & Snell 1988), a stimulating and exciting game to relieve boredom, and/or a run up to a career move. Seth et al. (2000) refer to this phenomenon as managerialism. The managerial hypothesis deals with managers taking action, which enhances their own utility, rather than shareholder value, it concerns self-interest as described by Jensen & Murphy (1990). Not limited to managers but extended to stakeholders is the too-big-to-fail (TBTF) rationale behind a merger or acquisition (Hanweck & Shull 1999, Weston & Chung 1990). Roll's hubris

hypothesis (1986) also referred to as 'winners' curse', reflects on the exaggerated self-confidence and unwarranted over-optimism of chief executive officers.

Jensen (1998) remarks on 'the allocation of capital' as another aspect of 'hidden agenda'. M&A offer an alternative to shareholders' objections regarding the retention of free cash flows.

The literature also refers to diverse external pressures leading to M&A. These cover the cost of swimming against the tide by not conforming to industry wide processes (Oliver 1990), interorganizational imitation (Haunschild 1993), and pressure from third parties such as investment bankers, consultants, accounting firms and legal firms peddling M&A opportunities.

Datta (1991) remarks on an over-reliance on the services of investment bankers, as a contributing factor to the high failure rate of M&A as inherently matters of organizational fit are de-emphasized. The highly lucrative nature of the business being in stark contrast to the high failure rate of M&A, Kosnik & Shapiro (1997) alert to the fact that by 1989 the reliance on investment banks to handle M&A had become complete (100%). The two professors quote the chairman of the Securities and Exchange Commission (SEC), Arthur Levitt, on the growing cynicism and suspicion of the investment banking industry and its practices. Didier Pène (1995) points to the sophisticated data banks and information systems of investment banks which not only find investment banks increasingly active but also increasingly apt in finding buyers of possible divestments and vice versa.

2.1.2. Synergy

Though the opportunity to merge or acquire is most often presented to stakeholders as a strategy for synergy, synergy is a construct that needs to be specified in detail (Campbell & Sommers Luchs 1992, Sirower 1997). There are different types of synergy to be extracted from mergers or acquisitions (Chatterjee 1986, Lubatkin 1983, Seth 1990) and different manners through which to obtain these synergies (Haspeslagh & Jemison 1991, Larsson & Finkelstein 1999). Success depends on companies' ability to achieve their synergy goals by integrating strategic task objectives, by integrating their organizations, sharing their resources, and reconfiguring their organization towards value creation processes. Different types of synergy will influence performance in different ways by design (Hill & Hansen 1991). Strategy realization being determined by the gap between synergy potential and synergy achieved, the subject of synergy is addressed below.

Academics (Campbell & Sommers Luchs 1992, Sirower 1997) regret that very few companies appear to find it possible to define the performance objectives in any but the vaguest terms like 'synergy'. The lack of clarity in defining post-acquisition organizational objectives in concrete terms could explain both the apparent persistence of imbalances in aimed for and obtained results, and the difficulties of companies to devise new policies offering a better rate of success (Reed & Luffman 1986).

The Greek word '*synergiã*' means working (*ergon*) together (co-operation - *syn*) and lies at the root of the word synergy. In textbooks and research literature synergy is referred to as ' $1+1=3$ '. In management science, synergy has come to mean that the two together are worth more than the value of the separate parts. In the light of the disappointing results (Marks & Mirvis 2001), it might be more prudent to state that synergy refers to one plus one not necessarily amounting to two.

The definition given by Roll (1988) "Synergy is a cause of value increase only if the assets of target and bidder are combined" is general in nature but specifically relates to value creation in post acquisition integration. He argues that bought growth by itself is not what synergy is about. This is reflected in the optic of Sirower (1998) that synergy is " ...the increase in performance of the combined firm over what the two firms are already expected or required to accomplish as independent firms". A decade apart, both academics observe that in M&A synergy is more than the simple arithmetic of adding up parts like the number of employees, turnover, and market share.

In terms of shareholder value synergy effects imply an improvement in at least one of the following variables; increased volume of sales revenue, decreased operating costs, and decreased investment needs (Campbell & Sommers Luchs 1992).

Focusing on the organizational requirements for synergy realization Haspeslagh (1986) distinguished four categories of synergy, (1) resource sharing which

implies the combination, rationalization of some of the operating aspects of both firms and elimination of duplication, (2) functional skill transfer which implies an improvement of competitive position by learning from the acquisition partner, (3) general management capabilities which implies an improvement in the range or depth of general management skills, and (4) financial and risk sharing which implies issues such as decreased investment needs and size related benefits.

2.2. PERFORMANCE

Discussing the body of literature addressing key theoretical and methodological issues of performance measurement points to considerable debate on the manners by which performance should be measured. Divergent results can to some extent be attributed to aims and objectives, policies, methods, sample investigated, or ex-ante estimates and ex-post result (Datta et al. 1991, Reed Lajoux & Weston 1998, Roquebert et al. 1996). Industrial economy scholars argue that value is created based on demand for a firm's services and product and that this is best captured by accounting-based measures. These researchers' perspective dissents sharply from the stock-market-based measures used by finance scholars who study performance from a shareholders' perspective (Jensen 1988, Ravenscraft & Scherer 1989, Sirower 1998). Scholars in the field of strategy (Datta 1991, Larsson 1993) consider that in terms of performance it is the actual net benefits stemming from the integration of the two firms, which are important.

2.2.1. Balancing the Books

Accounting based methods are multitudinous and stem from the industrial economics literature. This literature deals with primary data and focuses on past performance (Seth 1990). The performance criteria most commonly used are: profit, revenue, synergy based on cost reduction or efficiency gains, economic value added (EVA), sales growth, return on sales (ROS), return on equity (ROE), return on investment (ROI), earnings per share (EPS), growth in revenue, market share, new product introduction, product quality, marketing efficiency and technological efficiency. This diversity in performance criteria definitely has a drawback: there are so many different measurements in use, that studies cannot readily be compared.

LIMITATIONS OF ACCOUNTING BASED METHODS	AUTHORS
Data can be classified, confidential and sensitive, access could be a problem, especially if a broad range of M&A is examined	Marshall & Rossman (89)
Data could be biased due to distortion, to depreciation policies, to inventory policies	Chakravarthy (86)
Accounting practices may differ from one country to the next	Chakravarthy (86)
Scope for accounting manipulation, it could be less than a true and fair reflection of the company's financial affairs	Cartwright & Cooper (92), Chakravarthy (86)
Under valuation of assets	Chakravarthy (86)
Performance can be affected by managerial decisions	Healy et al. (92)
Differences in methods of consolidating accounts	Chakravarthy (86)
Records only the history of the firm	Chakravarthy (86)
Inability to establish whether performance actually stems from corporate combination	Larsson & Finkelstein (99)

Table 1: Limitations of accounting measures

2.2.2. The Financial Pages

Event studies dominate literature on acquisitions (Sirower 1997). They measure the significance of the direction and magnitude of the difference between the actual and the expected stock returns of the merging firms over a predetermined window of time around the acquisition announcement date (Balakrishnan 1988). To counteract the effect of extraneous noise, a series of additional calculations are computed as the forecast errors.

Scholars in the field of finance conceptualized share price as one of the key constructs of evaluating performance. Undeniably stock market's expectations have the virtue of being an external measure (Kotter & Heskett 1992). The basic assumption in event studies is that markets can and do react quickly and presumably accurately to publicly available information in reflecting expected performance. A statistically significant positive cumulative abnormal return (CAR) indicates that the merger has had a positive financial impact on the value of the merging firms.

LIMITATIONS OF THE EVENT METHODOLOGY	AUTHORS
Capital market efficiency	Bower (02), Vander Vennet (94)
Real economic gains and market inefficiency explanations are not distinguishable	Healy et al. (92)
Pre-announcement leakage of acquisition disclosure	Niden (93)
Non-rational behavior of institutional investors	Treynor (98)
What is measured in the absence of the strategy aimed for	Bower (01)
Short term reaction is an imperfect measure of the long term success	Bower (02), Porter (87)
Financial indicators do not necessarily reflect the fulfillment of economic goals	Venkatraman & Ramanujam (86)
Referring to secondary data	Venkatraman & Ramanujam (86)
Random evaluation error cannot be excluded	Scherer (88)
Insider trading	Bettis et al. (98), Fried (00)
Stock price studies do not provide evidence on the source of M&A related gains	Healy et al. (92)
The presence of multiple bidders	Sirower (97)
A perceived need for restructuring rather than estimation of value creation	Chatterjee (92)
It is the market's best guess. Investor expectations about future operating returns	Kroll et al. (97), Rappaport (98), Seth (90)
Undervaluation of stock price of the acquiring company	Cornett & Tehranian (92)
Otherwise indifferent shareholders have to be paid a premium to tender their shares to the acquirer	Reed Lajoux & Weston (98)

Table 2: Limitations of the event methodology

2.2.3. Strategy Realization

Larsson and Finkelstein (1999) in their case survey of synergy realization consider that the limitations of accounting-based and finance based measures of M&A performance preclude an accurate evaluation of strategy realization. Apart from possible error, the account-based and finance based measures take no account of strategic, organizational and human resource related influences. Performance in strategy studies, they argue, requires another type of

measurement as research efforts concern both performance and antecedents to performance.

To gain a better understanding of why some M&A outperform others, combination potential, the various types of synergy, post acquisition integration and critical factors affecting organizational integration need consideration. In this optic Bower's (2001) observation that the validity of a synergy theory requires a situation specific definition, giving weight to the business' specific circumstances as well as to the criteria by which the achievement of synergy can be judged, is important.

2.3. POST-ACQUISITION INTEGRATION

Post-acquisition integration is defined as the making of changes in functional activities, organizational structures, systems, and cultures of combining organizations to facilitate their consolidation into functioning as a whole (Pablo 1994). This makes for complex situations of change of which the successful completion is critical (Datta & Grant, 1990). Hoskisson and Hitt (1990) concluded that success in terms of performance depends to a large extent on accordance of interacting factors. Implementation difficulties on average cause the profitability of target firms to deteriorate (Buono & Bowditch 1985, Ravenscraft & Scherer 1989, Sales & Mirvis 1984).

M&A being organizational settings where corporate strategy makes it necessary

for people from different organizations to come to a working relationship provide scholars from different fields with rich research environments. This is especially the case for organizational behavior researchers, who aim at understanding and controlling organizational issues through the understanding of individual and group dynamics, and for researchers in the field of social psychology who are concerned with the search for universal principles that explain and predict the nature and causes of human social behavior.

The following subchapters addresses approaches to post-acquisition integration.

2.3.1. Approaches to Post-acquisition Integration

As not all M&A require combining legal and accounting systems, integration of physical assets, product lines, production systems, technologies and workforces (Shrivastava 1986) it follows that not all types of integration require the same amount of interaction (Haspeslagh & Farquhar 1987, Pablo 1994). Shrivastava (1986) too points to the importance of correctly determining the need for post merger integration, which in his study is based on strategic intent, size and stage of growth. He observes that over-integration can be expensive, while under-integration can turn out to be unproductive. Forestieri (1993) too found that financial benefits of operational synergy could be lost in the cost of coping with increased complexity.

The needed inter- and intra-companies' cooperation reinforces the need to regard strategy and implementation as aspects of the same objective

(Cespedes & Piercy 1996, Larsson & Finkelstein 1999). In M&A, as much as the transaction itself it is the strategy implementation phase, once the ink is dry that determines the results (Haspeslagh & Jemison 1991, Pablo 1994).

Haspeslagh and Farquhar (1987) have developed an integration model, which based on strategic and organizational task objectives depicts the degree of desired strategic interdependence and the need for the M&A target's continuing organizational autonomy. Using their taxonomy on types of integration, absorption represents a complete integration, the most tightly organizational relationship. The acquirer absorbs the acquired businesses directly and assimilates it into its culture with little regard for boundary issues, as the interdependence benefits mainly constitute resource sharing. Symbiotic acquisitions reflect high interdependence and at the same time a high need for organizational autonomy. The need for functional skill and knowledge transfer requires the integration to be managed in an adaptive manner, both companies need to adapt and redefine their purpose. Preservation stands for low interdependence and high autonomy. The acquired company is only integrated to a modest degree and preserves its way of doing business. For synergy to occur, the value drivers need to be safeguarded.

The dynamics of the post-acquisition integration process can create barriers and bring out the worst as opposed to leveraging individual business's strength. The post-acquisition integration process is a vehicle to transfer competencies, preserving core capabilities, transferring skills, and sharing resources

(Haspeslagh & Jemison 1991, Jemison & Sitkin 1986), in which skillfully managed cultural differences can lead to sustainable competitive advantage (Hoecklin 1995).

Of all post-acquisition integration issues, Nahavandi and Malekzadeh (1988) found cultural integration to be the most critical, this regarding the differences in culture between the acquisition partners (Chatterjee et al. 1992) and in the manner by which this diversity is managed (Datta & Grant 1990, Love & Gibson 1999).

Research literature also points to relational problems between acquisition partners of a more political nature (Hambrick and Cannella 1993) as influencing decisions on post-acquisition integration. Management needs to address office politics (Buono 1997, Devine & Hirsh 1998, Ketchen et al. 1996). Drory and Romm (1990) define politics as non-job related covert power wielding in the pursuit of concealed motives in which self-serving outcomes act against organizational goals. Political behavior is characterized by situations of conflict and uncertainty. This type of opportunistic behavior is not limited to the boardroom but runs from hidden agenda's and infighting at the top (Buono 1997, Devine & Hirsh 1998) right to the workforce.

Counting heavily are factors such as procedural justice (Barling & Phillips 1993, Elangovan & Shapiro 1998, O'Brien 2001) and a similar concept, organizational justice (Dessler 1999, Heitner 1998, Kanter & Seggerman 1986). Neglecting to address organizational politics is accepting a *modus operandus*, an organizational culture, of which covert conflicts are a characteristic.

2.4. CULTURE

In research literature, culture is found to be an important factor in post-acquisition integration, it influences the effectiveness of the organization and is credited to be a primary obstacle for M&A performance (Chesley & Huff 1998, Nahavandi & Malekzadeh 1988). Organizational culture has been found to be integral to strategy realization under conditions of change (Bluedom & Lundgren 1993, Kotter & Heskett 1992).

However, despite culture being an important phenomenon in organizational studies the difficulty of conceptualizing culture (Schein 1985) has not been resolved, nor are its influences on organizational behavior understood (Cavusgil & Das 1997, Schein 1985), nor have researchers been able to adequately assess culture (Lenartowicz & Roth 1999).

In attempts to conceptualize culture, social scientists have defined culture in a myriad of ways. Culture gives people a set of codes to deal with phenomena in a social environment (Nelson 1994). Davis (1984) defines culture as the pattern of shared beliefs and values that give members of an institution meaning, and provide them with the rules for behavior in their organization. Hofstede (1994) considers culture to be the collective programming of the mind which distinguishes the members of one group or category of people from another. Schein (1984,1985) defines culture as a set of shared, taken for granted implicit

assumptions, which determine how a group perceives, thinks about, and reacts to changing environments. According to Deal and Kennedy (1982) culture conveys a sense of identity to organization members. And Lenartowicz & Roth (1999) define culture as a collective characteristic or an attribute shared by the group.

The above is a small collection of definitions regarding culture and though there is an area of overlap in definitions, Schein's (1985) observation that virtually every researcher has its own definition of culture is still valid. The scholar points to two causes, one culture can only be understood in a phenomenological sense, culture being an abstract phenomenon of which researchers can only build an intellectual model and, two researchers take different perspectives in their attempts to evaluate how culture affects organizations.

In studying the influences of culture on organizational behavior, an important issue is the perspective taken for it affects definitions and measures (Cavusgil & Das 1997, Schein 1985).

There is a disagreement between researchers exploring what they refer to as organizational culture and those studying what they refer to as organizational climate. In a review article Denison (1996) points to organizational culture disciples fearing that researchers of climate research reduce culture to just another variable in existing models of organizational performance. The main difference in perspective taken is whether culture is a phenomenon that can be

clearly conceptualized and accurately measured or a phenomenon that can be best understood by observation (Rousseau 1990).

Culture studies differ with respect to what perspective is taken. There is a stream of researchers who examine culture from the integrative perspective and who focus on those manifestations of culture that are consistent throughout the organization. Researchers applying this perspective, do not consider ambiguous manifestations to be part of their conceptualization of culture (Schein 1985, Trompenaars 1995).

A second group of researchers takes a differentiation perspective. They accept consistent manifestations in subcultures but do not expect to find consistency in the organization as a whole (Sales & Mirvis 1984, Trice 1993). These studies are concerned with how different subcultures reinforce each other, are in conflict, or exist independently and remain uninfluenced by each other.

A third group of researchers (Weber & Schweiger 1992, Mills 1988) examine culture from the fragmentation perspective. In these studies ambiguous manifestations rather than consistent manifestations determine what culture is. The latter perspective is the dominant perspective in international management studies addressing M&A. Researchers compare organizational behavior across countries and cultures in order to understand, predict and improve the interactions of employees with a different cultural background (Adler 1986).

Culture studies also differ with respect to whose perspective is taken. Researchers such as Deal and Kennedy (1982), Peters and Waterman (1982)

address culture from a managerial standpoint. They consider culture to be created by leaders and the key to managerial control of employee commitment and organizational effectiveness. There is a substantial part of literature on organizational culture as a management tool for maintaining normative control over employees (Hatch 1997, Willmott 1993). Other researchers (Massingham 1936, Mills 1988) view culture from the viewpoint of those with less power in society and/or organizations.

A pure methodological issue is between quantitative (Hofstede 1980, Denison 1991) research methods where etic, outsider, studies of literature lead to emerging hypotheses which are statistically analyzed (Hofstede 1980) and qualitative research methods (Larsson 1989, 1990). The latter is an emic research method, where the researcher is more or less part of the organization. In general, these studies are leading to grounded theory (Argyris 1960, Glaser & Strauss 1967).

Another issue of assessment is the level of analysis. Most studies are either examined with nations or organizations as the level of analysis. National culture foremost looks into the dimensions of culture, which - on average - explain the behavior of large groups of people of the same nationality. Organizational culture refers to the complex set of ideologies, symbols, and core values shared throughout an organization. Part of an organization's culture is codified in structures, rules, regulations, policies and procedures. Another part is present tactically in customs, attitudes, values, rituals, artifacts, beliefs held by

employees, leadership style, expected roles for many positions, rewards and punishments. Organizational culture differs from national culture in that it is characterized by specific behavior patterns, beliefs of a company's employees, attitudes, actions and thoughts based on their own histories and experiences within an organization (Schein 1996). However, studying international M&A, Weber et al. (1996) came to the conclusion that actual cooperation and attitudes towards mergers are most accurately predicted by the dimensions of culture used to analyze the phenomenon at a national level.

Due to controversy on what perspective is taken, whose perspective is taken, methodological issues and level of analysis taken culture remains an ill-defined concept (Schein 1985, Lenartowicz & Roth 1999). Regardless of the multitude of definitions, perspectives taken and assessment issues reference the phenomenon culture, culture in management studies is regarded to be a phenomenon shaping organizational behavior. It comprises the beliefs, expectations and behaviors that organizations appreciate, reward and reinforce (Davenport 1998) and has a significant impact on organizational effectiveness (Kotter & Heskett 1992, Weber et al. 1996).

The next subchapter will look at extant knowledge on the subject of culture impacting post-acquisition integration.

2.4.1. Impact of Culture on the Post-acquisition Integration Process

In M&A, new organizational goals are likely to transform both firms post acquisition strategic objectives, to change not only the means available to reach goals but also the goals themselves. The goals of the businesses may be the same, their how-to and attitudes towards human resources practices, work ethic, product and service standards, risks, work environment, customer relations, and communications can vary sharply.

Organizational culture (Love & Gibson 1999, Cartwright and Cooper 1992, Dessler 1999, Devine and Hirsh 1998, Sales and Mirvis 1984, Weber 1996) is prominently present in non-legislative contractual context. Amongst all the changes in the post-acquisition integration process none weighs more than the implicit psychological contracts (Davenport 1998). Schein (1985) states that organizations are held together by a psychological contract between employees and organization. He found that assumptions - that which employees take for granted and what they believe to be reality - to lie at the heart of an organization's culture.

For operational effectiveness to come about, the post-acquisition integration process has to provide for an environment where cooperation and interdependencies can prevail. Very, Lubatkin & Calori (1996) argue that corporations have to find a balance between the demands of strategy and culture, conflicting or not. However, the complexities of strategic task objectives and the need to bring different cultures together make interorganizational relationships difficult to manage (Spekman et al. 1998). Weber et al. (1996)

warn that both ante - and post M&A decisions, culture fit has to be reckoned with, otherwise it jeopardizes the prospects of achieving synergy.

Summarizing and organizing extant knowledge Schneider and Barsoux (1997) built a framework encompassing the most relevant cultural dimensions impacting competitive advantage. The framework comprises (1) artifacts, rituals and behavior all of which can be observed, (2) values and beliefs which explain the reasons for the behavior which require interviews and surveys to discover, and (3) at the deepest level the underlying assumptions which require inference and interpretation.

Two phenomena have made culture harder to come to terms with in present day M&A. The first is the growing number of cross border (Datta & Puia 1995), cross business (c.q. retail and investment banking) and cross industry (c.q. banking and insurance) M&A. Accommodating for instance both national and corporate cultures results in a 'double layered acculturation' (Barkema et al. 1996). Cross border M&A are even less likely to succeed than within border M&A due to operating problems arising in the post-acquisition integration process (Hofstede 1991). Difficulties and problems arising from human interaction are typically complex and difficult to solve. Not only do employees have different norms, values and attitudes, they filter the environment and acts of others through the lenses of their own experience. Due to employees' differing world-views, objectives could very well be interpreted differently even when the same language is spoken (Adler 1986).

The second phenomenon is the growing importance of human capital, the main 'raw material' of the service industry (Davis 1984, Devine & Hirsh 1998). Increasingly intangible assets are more often than not critical to the sustained success of the consolidated organization (Ravenscraft 1990). As opposed to employees in the manufacturing industry, knowledge workers' productivity is not readily enhanced by task analysis and task management, employees in the service industry manage themselves (Drucker 1999). Bloor and Dawson (1994) caution that potential culture clashes between members of different subcultures will likely evolve from a dormant level to an overt one if business is no longer as usual.

Seen the importance of the skills and expertise confounded in the employees of the acquired company these need to be safeguarded. Without effective implementation the best laid strategies are of little use and employees can withhold their contribution through any of the above if and when they feel skeptical towards the change initiatives (Bartlett and Ghoshal 1995, Connell & Waring 2002). Lowered employee commitment, increased dissatisfaction, inadequate leadership and/or power struggles, dysfunctional behaviors, and high turnover all influence productivity (Buono 1997).

Talent is the first to leave (Finkelstein 1997, Larsson 1990), constituting a knowledge drain. Involuntary loss of intangible assets adversely affects the profit and loss account in a very tangible way (Datta & Grant 1990). Talent however can also be lost when employees remain in the organization and resist change (Larsson 1989, 1990), through absenteeism (Larson & Fukami 1984, Mayer & Schoorman 1992, and shirking (Robinson & Rousseau 1994).

Post acquisition integration has to allow for the complexity of human behavior and take into account that employees genuinely grieve the old organization (Cartwright & Cooper 1992). On an emotional level, there could be a sense of loss, of bereavement (Marks & Mirvis 1985) which too hampers productivity (Bolman & Deal 1991).

Failure to integrate cultures makes for an organizational void soon filled with dilemmas and conflicts, thus making for a working atmosphere where culture clashes are unavoidable (Nahavandi & Malekzadeh 1988, Sales & Mirvis 1984). Davenport (1998) puts incompatible cultures at the head of the list concerning obstacles to the successfully integration of two organizations. Assimilating the staff of merging or acquired companies has become a strategic matter of importance in the realization of synergies (Walsh 1988).

2.5. CHANGE MANAGEMENT

In essence, change management literature does not concern M&A specifically. However, it is assumed that omission would constitute a fundamental weakness in the ability to understand the process towards strategy realization in M&A.

A post-acquisition integration process is a complex situation of organizational change defined by altering levels of interaction and autonomy for one or both of the organizations involved (Haspeslagh & Jemison 1991). Under conditions of change, a wide range of behavior and processes needs to be managed (Jick

1993). Reviewing the subject area, commitment to organizational goals, resistance to change, and uncertainty are prominently featuring constructs.

2.5.1. Commitment to Organizational Goals

In general, organizational commitment is considered to be the strength of an individual's identification with and involvement in an organization, and defined as the psychological attachment of workers to their workplace (Meyer & Allen 1991).

Schein (1985) and Zeffane (1994) reflect on organizational culture being a means to influence organizational commitment. Commitment captures the degree to which employees care about and contribute to organizational success (Benkhoff 1997). It regards the willingness to exert efforts on behalf of the organization as an individual (Lau & Woodman 1995), the willingness to display extra role behavior (O'Reilly & Chatman 1986), and is a factor that affects adaptability to change (Williams & Anderson 1991). Employees contributions are pivotal to the success of any change program (Connell & Waring 2002).

The gap between potential positive synergy and combination performance is impacted by negative tendencies labelled resistance to change. Richard Larsson (1989, 1990) found both active (voiced criticism, voluntary turnover, sabotage) and passive (absenteeism, disobedience and shirking) employee resistance factors explaining the discrepancy between synergy potential and synergy achievement.

At a time of post-acquisition integration, employees have to exert non-routine efforts on behalf of the organization, i.e. take initiatives to achieve common goals, pool resources, work together in solving sets of problems. In post-acquisition integration, a situation requiring 'all hands on deck', resistance to change minimally constitutes non-commitment to organizational goals.

Adaptive action and behavior result from the initiatives made by the employees that make up an organization not by the organization itself (Legler & Reischl, 2003).

2.5.2. Resistance to change

Within the field of organizational behavior and psychology, there have been several initiatives to account for employee resistance arising in change processes. Larsson (1989, 1990) found employee reactions to M&A to be predominantly negative and describes the construct influenced by acculturation as 'employee resistance'. He defines this as the opposition of mainly the acquired employees to the combination and integration of the merging firms.

As a symptom of resistance, withdrawal from the organization can take the form of voluntary turnover (Arnold & Feldman 1982, Clegg 1983, Cohen 1993, Larson & Fukami 1984, Tett & Meyer 1993), having the intention to quit (Arnold and Feldman 1982, Clegg 1983, Mayer & Schoorman 1992, Tett & Meyer 1993), absenteeism (Larson & Fukami 1984, Mayer & Schoorman 1992), or employees reducing their contributions to the organization, shirking (Robinson & Rousseau 1994). The above is especially serious in a change situation where

extra role behavior (O'Reilly & Chatman 1986) is an important factor in achieving new organizational goals; for synergy to occur.

Regarding employees reducing their contribution to the organization, a major finding (Bartlett & Ghoshal 1995) is that employees do distance themselves from an entity that no longer honors the explicit and implicit contract like agreements. In the initial period of change, it becomes increasingly unclear what employees and organizations owe one another (Morrison & Robinson 1997), how the organization deals with job security, how it rewards extra role behavior and loyalty.

Robinson and Rousseau (1994) have found psychological contract violation to have significant individual and personal implications, affecting trust towards employers, job satisfaction, loyalty, intentions to remain and withdrawal.

Herriot et al. (1997) concluded that employee commitment is forthcoming if and when organizations have fulfilled their side of the contract. Important in this is their finding that the organization is expected to fulfill its share in the set of mutual obligations first. Robinson and Morrison (1995) discovered a phenomenon, which they describe as a 'tit for tat' mechanism. Though psychological contract violation results in withholding extra role behavior, a passive resistance, perceived extreme psychological contract violation causes employees to move from passive resistance to active resistance. The latter constitutes seeking revenge by aggressive resistance such as sabotage and theft (Greenberg 1990).

Psychological contract violation is not rare and may even be inherent to a post-acquisition integration process. However, the implications when not dealt with are serious (Robinson & Morrison 1995, Robinson & Rousseau 1994).

Putting resistance to change in another perspective is Weick's (1996) article in which he uses wild fires as an allegory for organizational studies. The historic events he describes illustrate the dynamics of dramatic, instant and unexpected changes. Weick describes a situation where all of a sudden the firemen's framework of operation changed drastically without the firemen adapting to the changing conditions.

In retrospect, the firemen failed to reframe from fire-fighting to running-for-their-life, in a timely manner. On two similar occasions, this difficulty in adapting to changing circumstance did cost 23 men and 4 women their life. Another example is the capsizing of the Alexander L. Kielland rig (Bignell & Fortune 1984), the combination of a whole lot of variables contributed to the capsizing, the number of casualties, only 89 out of the 212 board were rescued, was due to an inability of the men to improvise, to adapt in a timely manner to changed circumstance. The lack of adaptation to change with one's life at stake makes for a divergence from the view that resistance to change is a pure rational process, within the conscious control of individuals.

To the best of the researcher's knowledge, there is no empirical research in the management sciences investigating neuro-biological adaptive reactions to change. It is however a prominent area of research in the field of behavioral and

cognitive neuroscience. At the beginning of last century, Cannon (1915) observed that above a critical level of stress corrective efforts are affected to such an extent that adjusting to a changing environment is seriously impaired.

It is an accepted view in neurobiology that stressful situations require the activation of adaptive mechanisms, in such instances learning and memory play an important role in cognitive behavior reducing uncertainty.

Uncertain situations perceived as stressful, trigger a complex neuro-endocrine cascade that leads adrenal gland reactions exerting a striking influence on cognitive behavior (Krugers et al. 1997). Under conditions of uncertainty, there is a neurobiological reaction activating a complex repertoire of behavioral and physiologic responses (Douma 1999).

Adaptive processes start with recalling memories, for rational decisions are not possible without searching for and applying knowledge. In a laboratory setting, using rodents, Douma (1999) tested the plasticity (non-elasticity) of the nervous system in relation to learning and memory, and the effect of social stress on spatial learning and memory. He found evidence that certain biochemical factors, in humans a hormone by name of Cortisol, affect adaptive behavior by regulating the associative strength of memory. The effect of the hormone is such that the hippocampus - the part of the limbic system responsible for storing memories - remains in the recall mode and is less capable of processing and reacting to new information.

In M&A literature, uncertainty is mostly seen as a change process outcome and only scantily addressed as an organizational change variable affecting performance (Cartwright & Cooper 1994).

2.5.3. Uncertainty

Broadening the literature review, the importance of uncertainty is clearly manifested in management and organizational studies (Shenkav & Weitz 2000). These studies share the underlying assumption that organizations exist in a world teeming with uncertainty. Throughout time it has been considered to be an environmental factor (Ahn et al. 2004, Kotter & Heskett 1992, Kunda 1992, McGahan & Mitchell 2003, Parry & Proctor-Thompson 2003, Voges et al. 2004).

In general, management studies across the fields research uncertainty as an antecedent to change (Ackerman 1982, Beckhard 1988, Boss & McConkie 1974, Burcke et al. 1964, Jones-Carr et al. 2003, Clampitt et al. 2002, Covin & Killman 1990) or as an outcome of organizational change programs (March 1991, Martin & Cheung 2002), rather than a key issue in the change process.

On a personal level, a merger or acquisition could mean redundancies, changes of job, altered career expectations, changes of colleagues, changes of working practices, business systems, and changes of work address. Insecurity increases the perceived need to defend territories, which stands in the way of learning, cooperation and adapting, and which impedes budding synergies from coming to bloom. In dealing with uncertainty, communication is of overriding importance (Kanter & Seggerman 1986, Schweiger & DeNisi 1991). If not

forthcoming and effective, rumors will take over (Devine & Hirsh 1998, Heitner 1998).

Heitner (1998) found that it is an imperfect knowledge of the future, rather than required changes that lead to fundamental problems. Employees will be better at tolerating change, will be less inclined to jockey for positions and will put up less of a fight to defend their way of doing things if they know and understand the goal of the changes.

Sommer et al. (1996) state that the willingness to invest in the organization may depend on the employees' feelings of security and investiture.

2.6. CONCLUSION

Though the literature review does not result in the establishment of a process resting solely on extant knowledge explaining why and how culture impacts strategy realization, the literature review has assembled valuable knowledge on what needs to be taken into consideration to study the M&A process towards strategy realization in a holistic fashion. Taken from the literature review are the following building blocks: (1) the strategic task objectives (synergy envisaged), (2) the integration approach, (3) the subsequent integration process implemented taking into account the initiatives to create the environment to enable strategy realization, (4) culture and (5) uncertainty.

In the process towards strategy realization it is important to determine the strategic task objectives envisaged because not only are synergy goals M&A specific (Bower 2001), they depend on an organization's ability to integrating their organizations, sharing their resources, and reconfiguring their organization towards value creation processes (Haspeslagh & Jemison 1991). Due to different synergy objectives not all M&A require combining legal and accounting systems, integration of physical assets, product lines, production systems, technologies and workforces to the same extent (Shrivastava 1986). Post acquisition integration approaches are determined by the strategic and organizational task objectives. Successful post-acquisition integration processes require leadership initiatives towards an environment conducive to value creation (Haspeslagh and Jemison 1991). Known factors to impact this are culture (Bluedom & Lundgren 1993, Kotter & Heskett 1992) and uncertainty.

The needed inter- and intra-companies' cooperation reinforcing the need to regard strategy and implementation as aspects of the same objective (Cespedes & Piercy 1996, Larsson & Finkelstein 1999), the field study design is holistic in nature. Strategy realization is studied in an environment where culture differences between the acquisition partners are substantial (Cartwright & Cooper 1993, Weber 1996) but kept constant while the degree of contact between the acquisition partners' culture (Nahavandi & Malekzadeh 1988) is inherently varied across integration approaches.

CHAPTER 3 - METHODOLOGY

The primary purpose of this doctoral research is an understanding of why and how culture differences have an impact on strategy realization in M&A.

This chapter discusses the strategy of inquiry. The thesis opts for a multiple method study consisting of a qualitative approach followed by a quantitative research method. In both instances, the nature of the research problem determined the research method (Collis & Hussey 2003, Rossman & Wilson 1985).

The arguments for the field study relate to the purpose of the research, the current state of knowledge, and the requirement to develop an in-dept description and understanding of the post-acquisition integration process towards strategy realization.

The main arguments for the subsequent controlled field experiment relate to the fact that the emerging theory in the field study was diverging from extant knowledge. Subsequently the quantitative sequel to the study seeks generalization of the field study findings.

Below, the visualization of the sequential exploratory design of the study.

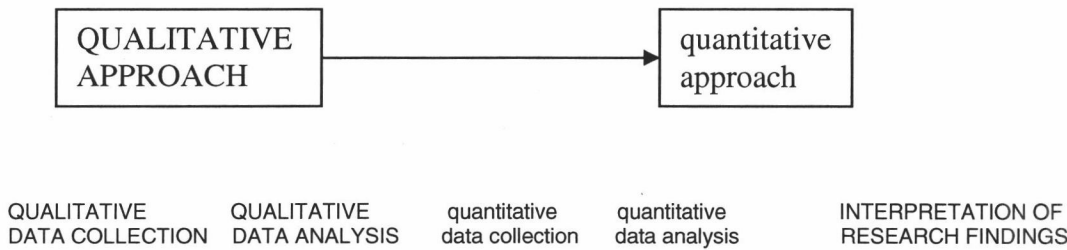


Figure 1: Design of the exploratory study

The remainder of this chapter elaborates on the rationale for both the qualitative and the quantitative research methods. The framework for investigation and the design of the respective studies are fully discussed at respectively Chapter 4 and Chapter 5. This chapter ends with a table illustrating the advantages, disadvantages and remedial factors of the selected methods.

3.1. QUALITATIVE RESEARCH RATIONALE

Regarding motives for qualitative research, Yin (1989) considers that field studies are the preferred research method when “why” and “how” questions are being posed, and when the focus of the research project is a contemporary phenomenon over which the researcher has little or no control. A field study focuses on understanding the dynamics present within a single setting (Yin 1981), describing the components, subsystems, their environment, their characteristics, and their interrelations based on actual experiences of the

participants. It is an appropriate method when a study aims at examining a phenomenon of interest and its contextual conditions (Strauss & Corbin 1990, Collis & Hussey 2003).

In this study culture is assumed to be a major factor in the success of M&A, the degree of culture differences between the acquisition partners (Cartwright & Cooper 1993, Weber 1996), the degree of contact between the cultures of the acquisition partners (Nahavandi & Malekzadeh 1988), and/or employees unfavorable reactions to threats to their culture are variables which seen their complexity and interaction require investigation in their context.

A qualitative study is set in a holistic environment where theory can be built in the area it purports to explain (Glaser & Strauss 1967). The power of qualitative analysis lying in its ability to logically organize a large range of relevant but seemingly disparate real-life data and information (Yin 1989, Collis & Hussey 2003).

Driven by the point of view that the skills and expertise confounded in the employees of the acquired company are critical to the sustained success of the consolidated organization (Ravenscraft 1990), it is assumed that for strategy realization employees throughout a hierarchy, although with different responsibilities, contribute to the achievement of organizational goals, therefore the angle of the study is neither managerial or blue collar.

This study being explorative in nature, the integration, the fragmentation and the differentiation perspectives on culture are all three deemed relevant.

Though a case study intends to discover important questions, processes and relationships, rather than test these as a quantitative study does, intellectual traditions of rigor apply to qualitative studies as well (Collis & Hussey 2003).

Critique on lack of a strict course being followed in a qualitative study pertains mainly to documentation of design, data collection, data reduction and clear, concise analysis (Creswell 1994, Eisenhardt 1989, Yin 1989). For field study research too, the two primary criteria for soundness are reliability and validity (Kirk & Miller 1986). In this study triangulation (Yin 1989), literal replication (Yin 1989), prior specification of general notions (Eisenhardt 1989), the randomness in the selection of those interviewed (Thietart et al. 2001), and the checking of research findings with respondents (Creswell & Miller 2000) addressed the aforementioned issues.

The unit of analysis being the integration approach, in the within case analysis no attempt will be made to pool data across units of analysis, nor will the interpretation of the data be extended to a larger population (Yin 1989).

Across case the comparative method is employed as the analytical procedure to generate an integrated theory which is close to data (grounded theory), consistent, plausible, and which offers the possibility to discover a hypothesis that can be operationalized for testing in quantitative research (Glaser & Strauss 1967). Strauss and Corbin (1990) defined qualitative research as research that produces findings, which are not arrived at by statistical procedures and/or other means of quantification.

Qualitative research aims at analytical generalization through analysis and comparison. Once the characteristics of the variables of interest are known the relationship amongst them can be tested.

3.2. QUANTITATIVE RESEARCH DESIGN RATIONALE

Among the observations of the field study one in particular stood in sharp contrast to existing literature, namely that strategy realization is not affected by the degree of culture differences between the acquisition partners (Cartwright & Cooper 1993, Weber 1996) or by the degree partners' cultures come into contact with each other (Nahavandi & Malekzadeh 1988), is further investigated.

In the field study, it emerged that culture is impacted by the integration approach implemented. However, though a grounded theory approach is well suited to understand complex situations, generalization is limited to similar situations (Locke 2001). The sequential quantitative part of the study aims to test the generalizability of the inductive theory and to explore the merit of further research.

In the quantitative study, the independent variable is the post-acquisition integration approach, while the dependent variable is culture. The post-acquisition integration approaches are Gestalts, which correspond to fundamentally different integration contexts (Haspeslagh & Jemison 1991).

Whereas Haspeslagh and Farquhar's (1987) post-acquisition framework deals with three clear choices of integration approach, there can also be a situation where no clear choice has been made. This situation will be referred to as 'predicament'. The latter integration approach is characterized by perceptions of a low level of autonomy and an unknown level of interdependency requirements. Each vignette represents one of the four integration approaches.

	level of autonomy granted	level of interdependency required
Preservation	high	low
Symbiosis	high	high
Absorption	low	high
'Predicament'	low	unknown

Table 3: Matrix of integration approaches

The dependent variable, culture, rests on Hofstede's (1980) work. In his much replicated work (Sondergaard 1994, Triandis 2004) the dimensions of culture pertain to values and attitudes to work, and best capture the description of culture given in the field study.

A heterogeneous sample is sought to allow for generalization (Sternthal et al. 1994), large enough in size to guarantee statistical power.

Statistical generalization by means of comparing integration approaches is regarded a complex undertaking. The field study findings showed that the

complexity of companies and that of the post-acquisition integration process is such that there would be too many sources of uncontrolled extraneous noise to possibly account for. The use of a vignette based questionnaire addresses the threat of situation specific noise and unaccounted for third variables in subject's real life situation (Pablo 1994, Raulin & Graziano 1995). This allows for manipulating post-acquisition integration approaches against a controllable background of information and detail (Fritzsche & Becker 1982, Hulley et al. 2000).

The use of the same respondents throughout the experiment constitutes to what Northedge et al. (1997) label as a fair test. The smaller the variability across the samples, the smaller sample error and the better the statistical results can be attributed as stemming from the manipulation (Lipsey 1990, Iacobucci 1994).

Vignettes being hypothetical stories reduces the danger of answers coloured by social desirability influencing the measurement (Nunnally 1978, Rettig & Rawson 1963).

While experimental research is an area of inquiry wholly devoted to the removal of irrelevant sources of variability, complete precision can never be guaranteed (Carmines & Zeller 1979, Cohen 1969), its strength however lies in its ability to probe the relationship between a manipulation and its results (Iacobucci 1994).

The main drawback of a repeated measures design is the carry-over effect. In this study this is addressed by rotating the sequence of the vignettes.

Although Carmines and Zeller (1979), and Nunnally (1978) consider that measuring devices are valid if they measure what they are intended to

measure. Taking into consideration that unaccounted for variables in the vignettes might have an impact on respondents' answers (Hulley et al. 2000, Pablo 1994), manipulation checks validate whether the variables of interest have been manipulated as intended.

In this study, instrument validity is based on content validity. Subsequently, the integration approaches defining the vignettes are written by experts and further checked for accuracy of manipulation by factor analysis and analysis of variance.

The analytical plan for comparison of integration approaches comprises a Chi-square test comparing frequency distribution and the non-parametric Friedman test comparing measurements of central tendency. In the plan for analysis, the preservation post-acquisition integration approach is considered the expected frequency in the frequency distribution test. Subsequently the preservation manipulation is considered to be the reference group. Comparing "before" with "after" adds to the certainty too that statistical results can be attributed to the manipulation. Weaknesses of a controlled field experiment and a repeated measures design are discussed below.

Further tests show that between group differences are larger than within group differences. A repeated measures MANOVA tests the significance of the main effects, while a follow-up mean based pairwise comparison inspects whether just one groups differs from the rest or whether there are significant differences between all groups.

Based on the study's analytical plan statistical power was sought at a high level. This in order to ensure that the occurrence of an error type 1 (rejecting the null hypothesis when it is actually true) and error type 2 (failing to reject the null hypothesis when it is actually false) is significantly reduced (Cohen 1969, Cashen & Geiger, 2004).

Taken together the multiple method study design harbors both a qualitative study seeking to understand why and how culture differences impact strategy realization and quantitatively tests the field observation which diverges from extant knowledge and which directly bears on the objective of the field study namely to understand the impact of culture differences on strategy realization.

METHODOLOGY	ADVANTAGES	DISADVANTAGES	REMEDIAL FACTORS
field study	<p>qualitative, logically organizes a large range of relevant but seemingly disparate real-life data and information, looks for signals, patterns</p> <p>allows for research questions not answered in literature</p> <p>analytical generalization to relevant theory</p> <p>research instrument to explores the organization, the environment and the complex interactions between the variables</p> <p>social phenomenon are viewed holistically</p> <p>in depth analysis of contemporary phenomenon in real-life context</p> <p>descriptive</p>	<p>single case (anecdotal)</p> <p>conceptualization could lead to be a long walk on a short pier</p> <p>cannot quantify magnitude of phenomena</p> <p>does not allow for hypothesis testing</p> <p>difficult to comprehend for traditional quantitative researchers</p> <p>no statistical generalization (analytical generalization)</p> <p>massive, unreadable manuscript</p>	<p>a case study investigating 14 independent entities across 3 integration approaches allows for both within case and across case analysis; analytical generalization by comparing and contrasting</p> <p>observation, logical deduction, common sense</p> <p>identify presence/absence of certain phenomena</p> <p>re-do study based on gathered patterns/signals, test quantitatively to refute or confirm propositions</p> <p>explorative research question in a complex situation</p> <p>triangulation, multiple sources of evidence</p> <p>clear, concise writing</p>
controlled laboratory experiment	<p>quantitative</p> <p>hypothesis testing</p> <p>true random experiment</p> <p>(statistical) generalization to a wider population</p>	<p>hypotheses limit scope of research</p> <p>sample all important</p> <p>imaginary situations</p> <p>evaluation of non-response</p>	<p>testing external validity of theory grounded in field study</p> <p>large number of respondents different industries, nations, professions, hierarchic position, tenure, employability</p> <p>cancels out situation specific noise</p> <p>sufficiently large and heterogeneous sample and statistical power</p>

Table 4: Advantages, disadvantages and remedial factors of the sequential multiple method approach

CHAPTER 4 - THE FIELD STUDY

The first part of the chapter considers the sequence of events in the study of the Wegener case, while subchapter 4.2. deals with Wegener N.V. at corporate level. The latter is based on company records, observations, structured interviews, external analysts' and industry watcher's reports. It illustrates the setting of the field study providing background information on the acquired and the acquiring company and the industry they operate in. As part of the written material is confidential in nature, sources will not be explicitly mentioned nor will direct quotes be used. The analysis and interpretation of the data is the researcher's. The analysis of the Wegener organization at corporate level was discussed and checked for correctness of interpretation prior to the structured interviews in the newspaper and newspaper related companies representing the different integration approaches.

Subchapter 4.3. starts with a within-integration approach analysis, based on integration approach considerations, the post-acquisition integration process, value creating processes, culture, and perceived uncertainty. Due to the privacy guaranteed to respondents taking part in the structured interviews, the identity

of respondents will remain hidden. The third part of the field study (4.7.) constitutes a between-integration approach analysis of those issues that have been examined within-integration approach, checking the comparative analysis against literature.

4.1. SEQUENCE OF EVENTS IN THE STUDY OF THE WEGENER CASE

In January 2001 the initial contacts with Wegener NV, where the field study was set, took place. Data gathering started at corporate headquarters in February 2001 and extended to August 2002. Throughout the process, there were regular briefings and brainstorming sessions. Checking congruence on facts, in May 2001, a first report on company background was presented including the environment the corporation operates in. This was followed by an exchange of thoughts on both the report and the next steps in the research project, which resulted in the design of an integration approach matrix (table 12).

Based on the matrix all the newspaper companies, door-to-door paper companies, WGG (Wegener Graphic Group) and ITC/K (Information Technology and Communication/Kranten [Newspapers]) constituting the companies at the core of the newspaper section of Wegener NV were included in the sample. Fourteen companies were analyzed at the level of the integration approach in an attempt to identify relevant variables and their interrelationships. However, it was not taken for granted that the general analytical framework was a flawless and complete reflection of reality. The following variables were taken

into account strategic intent, organizational task objectives, integration process, value creating processes, culture differences, and perceived organizational and personal uncertainty. Though qualitative research is emergent rather than tightly prefigured, the parameters of the theoretical framework are represented by the questions in the structured interviews at corporate and business unit level.

In December 2001, a newspaper company and print facility were toured. While writing out the report in full, there were several meetings at company headquarters. Furthermore, the study results were presented to the Board of Directors in August 2002 and this was followed by a presentation at Wegener's annual Top Management Meeting on 25 October 2002 at a conference center (Creswell & Miller 2000).

Triangulation being extremely important in a case study, the design and access to information is set up in such a way that corroboration of findings by at least three different approaches are taken into account (Yin 1989). Data is gathered through structured interviews, observations, company records, external analysts' and industry experts' reports. Furthermore, triangulation is sought in respondents. Data was collected at a variety of times, from a number of different locations and sources (Adler & Adler 1998).

The sample of respondents in each of the multiple settings consisted of three hierarchical levels. The respondents originated in all disciplines, and without exception were knowledgeable and spoke frankly.

The research design provided for a matrix with more than one company per integration approach ensuring literal replication (Yin 1989).

The design of the structured interviews is based on Haspeslagh and Jemison (1991), Zollo's thesis (1998) and the researcher's observation. Both at corporate level and at the newspaper companies this provided for the general analytical strategy defining general notions and those of particular interest (Babbie 1998, Eisenhardt 1989).

The field research schedule of visits was set up with the assistance of the chiefs of personnel of the companies in the matrix, who selected the respondents and set up the interview schedule at the site (Thietart et al. 2001). These interviews took place over a period extending from August to November 2001.

In this study, internal validity was not threatened by difficulties in access to sources of information and key informants. At corporate level access was granted and facilitated be it to written sources of information or members of staff at any level in the hierarchy. Throughout, respondents were extremely open, answered all questions, freely shared their thoughts, gave examples to illustrate, and voluntarily added information. When a remark was made which was considered for quoting, the explicit permission was sought from the respondent during the interview. At every step in the process, the utmost care was taken to guarantee the privacy of the participants in the surveys. It must be remarked that the majority of the respondents did not consider anonymity a hot issue.

A preliminary report on within-case pattern analysis was discussed at corporate headquarters prior to it being sent to respondents in December 2001. Respondents were invited to comment, which resulted in two comments being made on the contents of the report and seven requests for a copy of the thesis. The comments were incorporated in the report (Creswell & Miller 2000).

Though in general, each research decisions, be it on site, member of the organization to be interviewed, hierarchic level addressed or topic involves data reduction. This is unavoidable in order to bring the mass of raw data down to manageable proportions prior to incorporating it in the thesis. Evidence was carefully evaluated and considered for alternative interpretations. When the need for additional exploration or information arose, this was provided.

The general analytic strategy makes clear what was analyzed and why. By data reduction and analysis, structure and meaning were derived from the mass of collected data (Marshall & Rossman 1989). The field notes were written out in full, as respondents were ensured privacy, these transcripts are not included in the thesis. In this study, the interviews did not constitute thousands of pages but still open coding was applied to manage the data. The structured interview format did facilitate data reduction and analysis.

Subsequently coding was limited to clustering relevant data where issues were brought forward and discussed prior to the question dealing with it was posed, or when unanticipated matters were brought forward. In addition to the open

coding, a system of color coding was applied to denote respondents' hierarchical level.

Yin (1989) concludes that maintaining a detailed case study write-up and a chain of evidence is vital and central to the generation of insight. In this study, data reduction took place after ordering the answers per integration approach according to the lines set out in the analytical strategy. Following, the emergent concepts were compared to literature. By comparing findings with conflicting literature internal validity was enhanced, limiting bias and enabling the consideration of new insights.

Between case analysis (comparing the integration approaches, § 4.7.1.) extends and sharpen understanding by allowing for cross-case pattern search and for detection of relationships that are idiosyncratic to a particular case, enhancing external validity.

In this subchapter, an attempt has been made displaying procedures in such a manner that readers may apply their own standards to emerging conclusions (Miles & Huberman 1984). The following subchapters present a thick description, transporting the reader to the setting of the qualitative research and conveying the field study findings.

4.2. WEGENER NV

4.2.1. Background

Wegener NV is a limited liability public company incorporated in The Netherlands, with its corporate seat in Apeldoorn. The company's main activities are in information services and Direct Marketing industry. Wegener NV sells 1.3 million newspapers a day, which is approximately 30 percent of the Dutch newspaper market as a whole, and slightly more than 50 percent of the Dutch regional newspaper market. The company is the largest publisher of regional daily newspaper and free door-to-door papers in the country.

BACKGROUND MATERIAL ON WEGENER NV
Prospectus offering Ordinary Shares dated 20 April 2000
Annual Reports 1998 - 2001
External Analysts' reports spanning 1997-2001
Industry reports spanning 1997-2000
Newspaper articles spanning 1998-2001
Conversations/interviews 2001-2002

Table 5: Sources of information used

The acquisition in 1999 of VNU Newspapers (VNU Dagbladen) at a price of 627 million Euro, 817 million Euro before regulator induced divestitures) resulted in an organization with a turnover of 950 million Euro and 8,800 employees. On the newspaper side of the consolidated company there are 20 newspaper titles,

183 door-to-door titles (weekly edition 7.2 million) and 8 printing facilities for the printing of newspapers and newspaper related products, both for own and third parties use.

Following the acquisition of the VNU Newspaper Group, Wegener NV reviewed its strategy and activities. The change of course was towards focusing on a restricted number of activities, leading to the following core activities:

CORE ACTIVITIES OF THE CONSOLIDATED WEGENER GROUP	
Newspapers	423.2
Direct Marketing & Distribution	147.2
Other activities	165.5

Table 6: Core activities of the consolidated Wegener NV, revenue in million Euro
Source: Wegener Prospectus dated 20 April 2000

In addition to being a market leader in The Netherlands in Direct Marketing products and services, Wegener NV is an important player in this field in Western Europe. At the time of the study, the corporation had an important market position in the United Kingdom, increasing activities in Czech Republic, Hungary, Germany, Switzerland and Sweden, and minority interests in Belgium and France. The Dudley Jenkins (UK) acquisition in January 1999, added roughly 50 percent to the group's Direct Marketing business. Furthermore, Wegener NV has a leading position in door-to-door and selective distribution for both free door-to-door papers and unaddressed advertising matter throughout The Netherlands (Interlanden Sprei Group).

Besides the two major acquisitions, the company is also active in the development and operation of Internet products and services, operates municipal information services, cartographic products, publishes special interest magazines, provides printing product and services, owns TV and radio stations, some film - and video activities. Wegener NV is continuously sharpening its portfolio, and considers its newspaper activities to be and to remain core business, it furthermore aims to occupy leading positions in related markets.

WEGENER NV THE CORE ACTIVITIES' STRATEGY IN BROAD LINES
As a result of the acquired scale, create more advantages from its position on the market for daily newspapers and free door-to-door newspapers, thereby securing the continuity and profitability of this activity
Strong expansion, both in The Netherlands and Europe of the Direct Marketing activities
To break through as a publisher of e-Media and to corner the market of on-line regional and local information

Table 7: Wegener NV the core activities' strategy in broad lines
Source: Wegener Prospectus dated 20 April 2000

4.2.2. History

Johan Frederik Wegener founded the newspaper the "Nieuwe Apeldoornse Courant" in 1903, shortly thereafter he acquired the "De Apeldoornsche". Until 1981, the "Wegener Couranten Concern" remained a small player on the Dutch newspaper market. Beginning in the seventies, Wegener NV slowly progressed to becoming a market leader in the field of Direct Marketing and distribution in the period 1989-1994.

In 1996, the group set a course towards becoming a multimedia organization and with the merger of Arcade Entertainment Group considerably broadened its portfolio. The diversification gave Wegener NV access to the entertainment

market. At present all Arcade activities with the exception of some radio, TV stations and the film and video activities have been divested.

In 1997, a significant international expansion was started with a minority stake (45%) in Sopres (Belgium), in 1999 this was followed by the takeover of Dudley Jenkins (UK) and in line with the change in strategy. In 1998, the Wegener Arcade NV had decided to change its strategy from multimedia towards strengthening of Direct Marketing activities on an international level, and through acquisition aiming at market share and market position in the newspaper business. This to be able to face competition from the national papers and other/new media.

VNU (Verenigde Nederlandse Uitgeversbedrijven) originated in 1964 from an acquisition between two major publishers, 'De Spaarnestad' and 'Cebema'. Over the years, the company grew into a diversified publishing and information house with scores of companies in commercial magazines, radio and television, newspapers, Business Information Europe, and Business Information USA. In 1997, VNU was one of the largest publishers of regional newspapers with a market share of 17.8 percent. Their main area of operation was the South and the Southeast of the Netherlands with a circulation of 833.000 copies plus scores of door-to-door papers.

4.2.3. Wegener NV and the VNU Newspaper Group acquisition

On Saturday 20th August 1999, Wegener NV decided to partake in the auction for the VNU Newspaper Group. The post-acquisition integration processes stemming from this acquisition are the subject of this thesis' field study. Due diligence started on 7 September 1999. The present acquisition of the VNU local papers is not motivated by seeking monopoly power but by striving for scale and operations that are more efficient.

Domain strengthening (Haspeslagh & Jemison 1991) has been a key consideration. With respect to the acquisition of VNU newspapers, it was the realization of sufficient scale to compete effectively with the national daily newspapers, and new media. Though run on a small scale - compared to national titles -, the independent operation of the various regional dailies is the very essence of the business. Domain strengthening by publishing new titles is not really a viable option, regional daily newspapers are deeply rooted in the geographical area in which they are produced and distributed.

At the same time, domain extension (Haspeslagh & Jemison 1991) was a main motive as well. The management of Wegener NV considered the acquisition of the VNU Newspaper Group as necessary to realize a cost-effective scale and synergistic advantages by developing line extensions (e-media, e-commerce), resource sharing such as ITC/K, WGG, distribution, national advertisement sales, and learning opportunities making use of each other's know-how, skills

and strengths. In the press statement, the acquisition was announced to provide the consolidated group with synergies amounting to 13.5 million Euro.

ACQUISITION RATIONALE
Realize the desired scale of operations
To be stronger vis-a-vis the competition of national daily newspapers and other (new) media
To jointly set up new media activities (on-line newspapers, e-commerce)
To combine know-how in order to achieve the desired quality improvements
To secure the distribution of the newspapers
To realize synergetic advantages, also at the free door-to-door papers and newspaper printing facilities

Table 8: Acquisition rationale
Source: Wegener Prospectus dated 20 April 2000

Below, the analysis of Wegener's consolidated strategic position. It is an enhanced SWOT table (Table 9), illustrating apart from the strengths, weaknesses, opportunities and threats, how strengths and weaknesses can be coupled to opportunities and threats.

The table is compiled from the Wegener Prospectus dated 20 April 2000, company records, external financial analysts' and industry experts' reports.

STRATEGIC ANALYSIS OF VNU NEWSPAPER ACQUISITION		
<div>INTERNAL FACTORS</div> <div>EXTERNAL FACTORS</div>	Existing strengths <ul style="list-style-type: none"> <input type="checkbox"/> Major player on Dutch newspaper market <input type="checkbox"/> Market leader in regional newspaper market <input type="checkbox"/> Market leader in Dutch free door-to-door paper <input type="checkbox"/> Defensible regional content <input type="checkbox"/> Trusted brand name <input type="checkbox"/> Absence of regional newspaper substitute <input type="checkbox"/> 90% of circulation are subscriptions <input type="checkbox"/> Strong cash flow 	Existing weaknesses <ul style="list-style-type: none"> <input type="checkbox"/> Hard copy advertising exposed to cyclical trends (job adds) though increasingly moderated, i.e. small regional companies advertisements <input type="checkbox"/> Fragmented approach to clients <input type="checkbox"/> 1% loss in subscriptions <input type="checkbox"/> Demographic threats <input type="checkbox"/> Rising cost of paper <input type="checkbox"/> Rising cost of ITC and difficulty in recruiting ITC personnel <input type="checkbox"/> Relative modest investments on-line market share <input type="checkbox"/> Post-acquisition integration process
Opportunities <ul style="list-style-type: none"> <input type="checkbox"/> Economies of scale <input type="checkbox"/> Economies of scope <input type="checkbox"/> Improved capacity in use of printing facilities <input type="checkbox"/> Reducing circulation overlap, increasing circulation per title <input type="checkbox"/> Direct contact, knowledge of local advertisers <input type="checkbox"/> Coordinate sales and marketing of national clients <input type="checkbox"/> Synergies from know-how sharing best practices <input type="checkbox"/> Sharing major capital investments 	S/O STRATEGIES strategies that use existing strengths to take advantage of opportunities <ul style="list-style-type: none"> <input type="checkbox"/> Publishing authority in the region <input type="checkbox"/> Good starting position to dominate regional portals <input type="checkbox"/> Use of (spare) space 'stoppers' in regional publications to introduce or refer to own on-line services <input type="checkbox"/> Share best practices 	W/O STRATEGIES strategies that take advantage of opportunities by overcoming existing weaknesses <ul style="list-style-type: none"> <input type="checkbox"/> purchasing power <input type="checkbox"/> CRM <input type="checkbox"/> Sharing cost of technological development <input type="checkbox"/> Sharing investment cost of presses <input type="checkbox"/> Demand quality standard for GDP <input type="checkbox"/> Further develop regional small companies segment <input type="checkbox"/> Third party print orders
Potential threats <ul style="list-style-type: none"> <input type="checkbox"/> Accelerating decline in newspaper subscriptions <input type="checkbox"/> Offensive actions by national newspapers <input type="checkbox"/> The free commuter sheets <input type="checkbox"/> Volume and pricing pressure in classified advertising <input type="checkbox"/> Failure to capture sufficient on-line market share <input type="checkbox"/> Obstacles to co-operation and sharing of best practices <input type="checkbox"/> European legislation banning/restricting certain types of advertisements <input type="checkbox"/> Shares are considered speculative, local and cyclical <input type="checkbox"/> Loss of key personnel <input type="checkbox"/> Distribution <input type="checkbox"/> Low entry barriers for companies offering on-line advertising 	S/T STRATEGIES strategies that use existing strengths to avoid potential threats <ul style="list-style-type: none"> <input type="checkbox"/> Segmented on-line approach with JobTrack, AutoTrack and Funda.NL (33% participation) <input type="checkbox"/> Respected partner in national ad market <input type="checkbox"/> Share best practices <input type="checkbox"/> Company wide application of existing knowledge base in creating problem solutions 	W/T STRATEGIES strategies that minimize existing weaknesses and avoid potential threats <ul style="list-style-type: none"> <input type="checkbox"/> Efficiency drive Subscriptions CRM Editorial (closer to reader) <input type="checkbox"/> Reducing number of credit notes equals instant revenue

Table 9: Strategic analysis of the VNU Newspaper acquisition
 Adapted from Weinrich, H. 1982. The TOWS Matrix. Long Range Planning, April: 60.

4.2.4. The regulator, the NMa

On 7th September 1999, the acquisition of VNU newspaper transpired and the acquisition was reported to the Dutch competition authority, the “Nederlandse Mededingingsautoriteit” (NMa). The Regulator feared that with the consolidation of the VNU Newspaper Group, in certain Dutch regions, a monopoly would be created. While commencing its investigation, the NMa required a firm commitment from Wegener NV to keep distributing a regional newspaper in specified geographical areas.

On 13th March 2000, the NMa allowed the acquisition under condition. It considers Wegener NV to have a monopoly both in regional newspapers and in the house-to-house papers in areas that post-acquisition overlap. The field study company not agreeing with the legal grounds on which divestiture of some titles is demanded decided to appeal the ruling. The court has since ruled in favor of Wegener NV on the regional newspapers and has followed the NMa in its monopoly rationale reference the door-to-door papers. Per autumn 2001, both parties are seeking redress in a higher court. The NMa's scrupulous investigation of the VNU Newspaper Group acquisition has demonstrated that as far as this fair-competition authority is concerned the major positions in the Dutch newspaper market have been taken.

4.2.5. Synergy Goals

4.2.5.1. Newspapers

An external analyst defined newspapers as follows: "... a consumer-orientated product, geared to the macro-economic cycle. The number of customers is high, the information disseminated is broadly-speaking a commodity and the speed of delivery is slow compared to the broadcast media. Value is created by the editorial which differentiates the product, builds a brand, targets the product and secures readership."

Company records point to synergy goals stemming from those internal activities, which do not interfere with market operations. Purchasing advantages, overhead reduction, integrated sales control in the overlap areas, and in the printing sector are estimated to amount to 13.5m Euro, to be realized in a 3-5 year time period. The daily newspaper part of the company will consist of a total of nine result oriented operating companies of which the activities will be organized in three regional clusters; East, West and South.

For both the newspapers and the free door-to-door papers, the continuity of distribution has become a problem. Changes in the demographic structure (fewer youths) and an abundance of part-time jobs have put the organization of distribution under heavy pressure. Ninety percent of the Dutch newspaper circulation is accounted for by subscription, with single copy sales making up the remainder. Taking into account joint readership, a newspaper is delivered to 79 out of every 100 households.

The value of a newspaper is vested in its sustainable circulation, in recent years Wegener NV has lost some readers as a result of its efficiency driven titles clustering process. Editorial aspects are underestimated at a peril, they build loyal readership and thus deliver valuable advertising space. Circulation can be enhanced through better editorial and promotion, performance can be enhanced through circulation, cost efficiencies, economies of scale, and by becoming a considerable party in the advertising world. On the editorial side, Wegener NV seeks to combine resources in the field of international, financial and national political news reporting. The savings will be invested in regional coverage and a monthly magazine accompanying all regional newspapers, the latter to attract national advertisers that are more magazine-oriented.

Post VNU acquisition, Wegener NV feels it can compete more effectively with the national newspapers through further improvements in quality and by becoming a contract partner of substance with the media agencies. As VNU newspapers work more efficiently and co-operate more at an editorial level, obtaining access to VNU Newspaper know-how will be beneficial to the group as a whole.

4.2.5.2. Free door-to-door papers

Upon the VNU Newspaper Group acquisition Wegener NV is by far the largest publisher of door-to-door papers, with a total distributed circulation of 7.4 million copies per week. Wegener had a circulation of 4.45 million copies and VNU one of 3.25 million copies. Post-acquisition, the door-to-door activity has been

separated from the daily newspapers and three regional clusters are formed, each led by a regional managing director. The statement that the free door-to-door paper companies will operate within clear geographical borders does not necessarily mean that overlap will be eliminated. Titles do have an intrinsic value. However, competition in this market is fierce and subsequently prices could come under pressure.

Unlike the case for national or regional newspapers, the entry barrier into the market for free door-to-door papers is low.

Throughout the industry, the relation between newspapers and free door-to-door papers is intense out of necessity. Though there is the risk that advertising revenues are cannibalized, owning free door-to-door papers safeguards the newspaper company in the area from damages inflicted by competitors' advertising rate policies. For free door-to-door papers advertising is the only source of income, and subsequently the companies are geared to the economic cycle to a greater extent than the paid-for-newspapers. However, there is empirical evidence that investment in editorial content for free door-to-door papers pays its dividends, it creates a sustainable brand value.

4.2.5.3. Wegener Graphic Group BV (WGG), the newspaper printing facilities

Prior to the acquisition of VNU newspapers, each daily newspaper entity had its own printing facilities. Printing was part of the newspaper entities' value chain. At present, the Wegener newspaper printing facilities are concentrated in five modern rotary offset printing factories, owned by the Wegener Graphic Group

BV (WGG). WGG has its own central sales and marketing department dealing with external clients, it has a large portfolio of third party orders. The newspaper printing units, at the time of the field study, still under the responsibility of the VNU newspaper publishers will be separated from those companies and placed under WGG.

WGG will become a separate company with its own staff, and eight plants each led by a plant manager. The company will be responsible for revenues and result. Synergies are estimated to be possible from specialized know-how present in WGG, professional sales and marketing for obtaining third party orders. A capacity study will examine future press configurations. At Forepark in Leidschendam new premises are constructed and two new presses will be installed in replacement of the present presses in Rijswijk.

Apart from consolidation, organizational change processes comprise the installation of advanced technology, implementation of a new advertising management system, and going from computerized order processing to fully electronic makeup of advertising pages at the newspaper publishers. At present, the traditional pre-press activities are no longer an integral part of the newspaper production companies.

4.2.5.4. TC/K, Information Technology and Communication/(Kranten) Newspaper Business

ITC/K was taken out of each newspaper organization and combined into one newly formed independent entity. The rationale for the new configuration is

based on the annually raising cost, the difficulty in hiring personnel, the time investment it required from corporate management and the possibility it offers to the sharing of knowledge, skills and scarce resources. Furthermore, by offering career prospects within a new separate organization, the thorough knowledge of the width and depth of the newspaper business, necessary for adequate IT services, can be safeguarded.

The new entity's main customers are the newspaper companies, the door-to-door paper companies and WGG. The efficient and uninterrupted use of computer operations and communication systems of these companies is of paramount importance. Any failure in the ITC/K service provision would affect the operation of the companies and have serious adverse material effects on the Wegener organization as a whole.

The ITC/K activities have been centralized to generate an adequate infrastructure within the company to facilitate the implementation of automated information systems, and to develop internal communication networks. Throughout the industry, the function of information and communication is changing rapidly and ITC/K has evolved from process support to becoming an actual part of the newspaper production process. The following projects are planned:

- A new circulation management system for the daily newspapers
- Introduction of specific programs for the graphic companies
- Renewal of the editorial system for the free door-to-door papers

- The first phase of the new integrated advertising management systems
- Transfer of the traditional pre-press activities. A defining factor in generating competitive advantage is the reorganization of the advertising process, strengthening the relationship with customers and prospects. Moving toward a completely digitized advertising process leads to a reduction in errors and a concerted speed-up in the process, it also offers a customer friendly service to advertisers.
- Make it possible for clients to communicate with the various Wegener companies via the Internet.

4.5.2.5. E-media

In addition to the focus on traditional newspaper activities, Wegener NV considers the establishment and further expansion of Internet to be a policy spearhead. In 1999, Wegener NV founded e-Media (WeM). The newspaper business future success demands that the increased use of the Internet as an advertising medium and as a medium for electronic commerce (e-commerce) be taken into account.

The development of e-media comprises new information platforms, constitutes of an opportunity to bind media advisers, and generate new revenues by way of e-commerce. Wegener NV continues to develop new on-line concepts, such as regional portals with specific functions such as JobTrack, AutoTrack and Funda.NL. Apart from expanding the newspaper products to regional portals, emphasis is put on regional e-commerce, on local directory services, and on

providing websites for municipal information. In addition to offering advertising space, Wegener NV considers to expand its role acting as a web host and Internet consultant. The group's competitive advantage in positioning on-line products is embedded in the substantial marketing and communication power of its existing traditional media.

Table 10 depicts the synergy goals per type of entity as they result from the VNU Newspaper Group Acquisition. The table is compiled from Wegener Prospectus dated 20 April 2000, company records, external financial analysts' and industry experts' reports.

SYNERGY GOALS PER TYPE OF ENTITY RESULTING FROM THE VNU NEWSPAPER GROUP ACQUISITION	
Newspapers	<ul style="list-style-type: none"> ❑ Purchasing advantages, especially in newsprint, overhead reduction, procurement control in overlap areas and in the printing sector is estimated to amount to 13.5 m Euro, to be realized in 3-5 years. ❑ Additional distribution areas (market share) will generate more advertising opportunities ❑ Merging of sales teams ❑ Leading position in the Dutch advertising market ❑ National advertisement sales office servicing nine newspapers ❑ Improved service to advertisers (one point of contact, one invoice, one set of materials, etc.) ❑ Resource sharing by deweaving printing (WGG) and ITC/K from value chain ❑ Deweaving door-to-door papers from newspaper publishing companies' focus on core business
Door-to-door papers	<ul style="list-style-type: none"> ❑ Establishing independent companies to ensure a better focus for the door-to-door papers ❑ Cutting out circulation overlap
Printing facilities	<ul style="list-style-type: none"> ❑ Synergies are estimated to be gained from specialized know-how present in WGG ❑ Professional sales and marketing for obtaining third party orders ❑ A capacity study will examine future press configurations and present operations ❑ Sharing of capital investments
ITC/K	<ul style="list-style-type: none"> ❑ Resource sharing of scarce resources ❑ Knowledge sharing ❑ Uniformity in systems
E-media	<ul style="list-style-type: none"> ❑ Sharing investment cost ❑ Sharing knowledge on digital publishing ❑ Sharing of hard and software ❑ Creating new information platforms ❑ Binding advertisers ❑ Generating e-commerce revenues ❑ Evolving towards a regional and local on-line publisher

Table 10: Synergy goals per type of entity resulting from the VNU Newspaper Group Acquisition.

External financial analysts estimate that synergies can be obtained in the fields of printing and raw material purchase. They see only limited operational synergies between Direct Marketing (DM) and newspaper publishing. Synergies

are deemed to exist between DM and door-to-door papers, both businesses can make use of the same organization that presently carries out the door-to-door Direct Marketing distribution. Albeit riddled with privacy issues, analysts see the ultimate synergy to be had from the company's database of 1.3 million subscribers to regional newspapers for Direct Marketing purposes.

The combination of Direct Marketing and publishing viewed from a portfolio angle illustrates the potential of investing free cash flow generated from the low organic growth newspaper activities (2-3%) in the faster growing Direct Marketing (7-8%). As the newspaper business is considered to be a cyclical business, heavily influenced by fluctuations in the recruitment advertising sector, Wegener NV would evolve both to a less economically influenced revenue and become less local by acquiring international DM companies. However, both activities are influenced by macro economic trends in a like manner. Analysts view the company's estimated synergy benefits as too conservative.

4.2.6. Management

The new structure and role of the Board of Managing Directors is directly linked to the present scale and operations of the organization. By the change in structure (cfr. Figure 2 and 3) it is envisaged that the Board will be able to direct more of its attention to issues such as management development and human resource policies. In the post-acquisition situation, a number of responsibilities

are transferred to senior management, providing the Board of Managing Directors the opportunity to focus more on the overall development of the organization and on the realization of growth through present and future acquisitions.

4.2.7. New Corporate Structure

The new corporate structure (Table 11) is designed to take advantage of the present scale, enabling the corporation to compete with both the national newspapers and the new media.

The table below is based on data gathered from company records and by means of structured interviews.

THE NEW CORPORATE STRUCTURE CRITERIA	OBJECTIVES
The new corporate structure is also an illustration of the Board of Managing Directors to have a corporate rather than an operational responsibility	The profit responsibility has been assigned to the lowest level possible, self-supporting units
Newspapers are dewoven from the free door-to-door papers	<p>Newspapers:</p> <ul style="list-style-type: none"> <input type="checkbox"/> ownership - dedicated management of director/publisher, focus on editorial content <input type="checkbox"/> focus on circulation <input type="checkbox"/> focus on distribution <input type="checkbox"/> focus on market share - strengthening marketing function <input type="checkbox"/> National advertisement sales office <p>Free door-to-door papers:</p> <ul style="list-style-type: none"> <input type="checkbox"/> clear management lines <input type="checkbox"/> strengthening of portfolio <input type="checkbox"/> efficiency <input type="checkbox"/> focussing on advertising acquisition and content
Newspapers and free door-to-door papers which clustered in logical geographical units	<p>Newspapers:</p> <ul style="list-style-type: none"> <input type="checkbox"/> one or more coherent titles will melt into one of the newly founded independent legal entities <input type="checkbox"/> business units should be large enough to justify own staff <input type="checkbox"/> business units cooperate at a regional level <input type="checkbox"/> Editor-in-chief accountable for circulation <p>Free door-to-door-papers</p> <ul style="list-style-type: none"> <input type="checkbox"/> dedicated teams within sharp regional boundaries <input type="checkbox"/> regional clustering of teams under regional management (with own staff) <input type="checkbox"/> safeguarding newspapers from third party attacks on advertisement revenue
The newsprinting facilities are dewoven from both the newspapers and free door-to-door papers in flat organizations to enhance efficiency and reorganize marketing and sales. WGG will have its own staff and 8 print facilities	<p>Flat organization:</p> <ul style="list-style-type: none"> <input type="checkbox"/> clear profit responsibility <p>Marketing and sales:</p> <ul style="list-style-type: none"> <input type="checkbox"/> contracts for professional interface with publishers <input type="checkbox"/> central commercial post for third party contracts <p>Production:</p> <ul style="list-style-type: none"> <input type="checkbox"/> evaluate capacity use print facilities
ITC/K is dewoven from the value chain of the newspaper publishers to benefit from economies of scale and scope	<ul style="list-style-type: none"> <input type="checkbox"/> combined procurement systems and software <input type="checkbox"/> efficient use of scarce resources <input type="checkbox"/> knowledge sharing <input type="checkbox"/> uniformity of systems and applications
Autonomous e-Media company	<p>Coordination:</p> <ul style="list-style-type: none"> <input type="checkbox"/> unit dealing with management, marketing and sales of national advertisers <p>Editorial office:</p> <ul style="list-style-type: none"> <input type="checkbox"/> on-line newspaper content <p>Sales:</p> <ul style="list-style-type: none"> <input type="checkbox"/> regional advertisers for the newspapers

Table 11: New corporate structure criteria and objectives

Wegener organizational structure prior to acquisition of VNU Newspaper Group

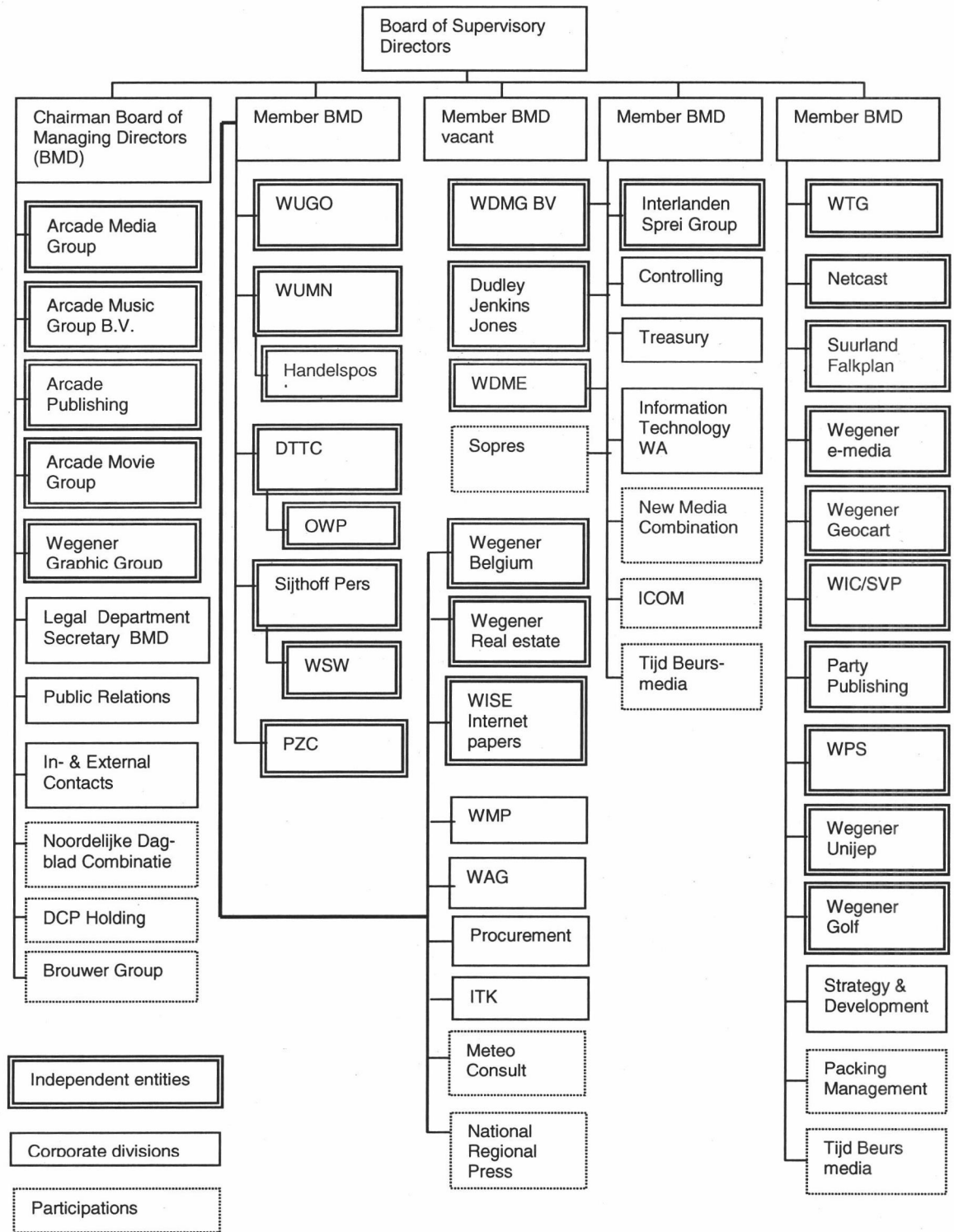


Figure 2 Wegener Arcade organizational chart prior to acquisition
Source: Wegener Blue Print dated December 1999

Wegener NV's organizational chart as adapted to the new situation.

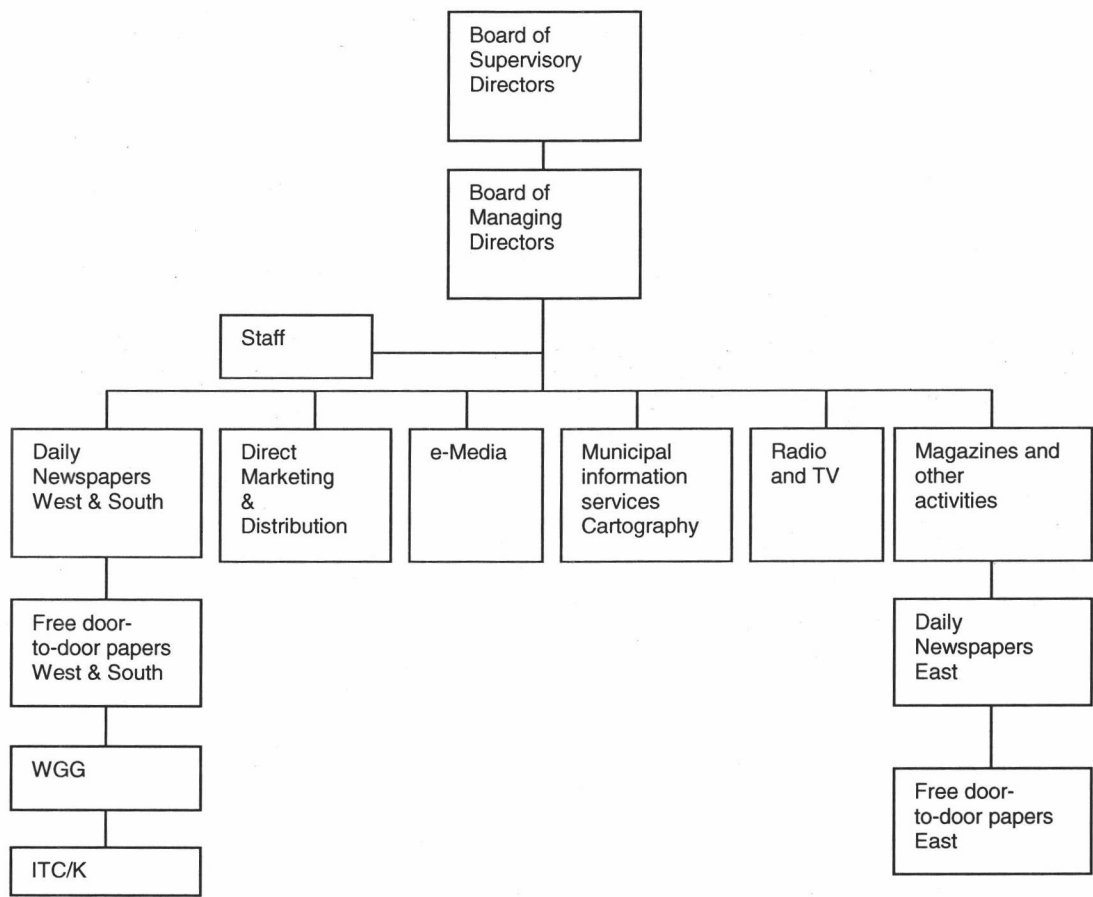


Figure 3: Organizational chart of the consolidated organization
Source: information provided on request

4.2.8. Finance

The acquisition required an investment of approximately 0.64 bn Euro. Financed by depositary receipts amounting to 318 million Euro, of which one third was covered by ordinary shares, the remaining part a mix of financial products. Approximately 273 million Euro was available in the form of a bank loan. The company's combined turnover (1999) amounted to 712 million Euro of

which 421 million Euro is ascribed to newspapers, 128 million Euro to Direct Marketing, and to 163 million Euro to "others"; mainly multimedia activities. At present the balance sheet is stretched, the cost of borrowing affecting the company's Weighted Average Cost of Capital (WACC). The cost of capital for the firm as a whole is estimated to be 7.0% (December 2002). Share prices remain low (all in Euro: 13.30/July 1999, 13.10/August 1999, 13.10/September 1999, 23.20/10 March 2000 and 10.75/12 March 2001).

The share price hardly fluctuated on the acquisition announcement. Wegener NV has a steady cash flow at its disposal allowing the company to redeem debt quickly or to finance further acquisitions in growth markets. The Dutch newspapers being 90 percent subscription based, Wegener NV works with a negative working capital as the majority of customers pay quarterly up front. For the sixteenth year (per 2000) in a row, net profit has increased, as has the return per share.

4.2.9. Marketing & Sales strategy

It is Wegener NV's mission to provide, through Direct Marketing and newspaper publishing, relevant information and marketing services to clearly defined target audiences and to enable advertisers to target these specific audiences. Wegener wide there is a professional central sales and marketing division, which is responsible for acquisition of advertisements of national operating

clients, creating a Wegener brand, media documentation and manuals for the advertisement market.

4.2.10. Diversification Strategy

It was felt that cash flow generated in the mature business needs to be invested in potentially higher growth areas. Subsequently in 1999, Wegener NV decided to reposition and restructure its portfolio of activities, part of its former strategy of diversification was adapted to accommodate developing industry trends. Faster technological developments and foreseen changes in both consumer and advertising markets resulted in a new strategic policy with a narrower portfolio, and a strengthening of core activities.

Wegener NV seeks to occupy leading positions in relevant markets, primarily emphasizing growth in activities that are less cyclical in nature than the newspaper industry. For the execution of this strategy, acquisitions and divestitures have to be pursued, integrating new businesses. Wegener NV will continue scouting for acquisitions to widen the multimedia character of the company, by diversification and globalization the consolidated company aims to spread risks. The group has codified its procedures for investments and divestitures as well as the evaluation and approval of acquisitions.

In its annual report 1999, Wegener NV cautions that failure to integrate acquisitions or delay in integration could result in additional cost, increased demands on management's time and adverse material effects on the performance of the consolidated organization.

4.3. THE INDEPENDENT ENTITIES COMPRISING THE FIELD STUDY

The data on the independent entities have been gathered by means of company records, external consultants' reports and structured interviews. This was followed, over a period ranging from August 2001 to the end of October 2001, by structured interviews in the independent entities. At each site, three people were interviewed, representing a cross section of the company. The personnel managers of the respective organizations set up the interview, and selected at each site a manager, a middle manager and a non-manager.

The interview was written out in full as it took place with a writing pad positioned in between the person being interviewed and the researcher. The interviews were organized such that in between the appointments there was time to go over the notes and/or to allow for interviews to go over the estimated time. The interviews were typed out the same evening. At the end of December 2001 the respondents received an interim report on which they were asked to comment. The subsequent comments were reacted to either by e-mail or by phone, and incorporated. The report reflects as accurately as possible the data gathered as a whole without necessarily each and every point reflecting the views of each of the respondents.

The independent legal entities comprising the study have been classified according to their actual integration approach. The acquisition of VNU newspapers could definitely be defined as "related", also companies are of equal size. Though there are differences in size between the nine publishing entities, sizes are mixed on both sides of the acquisition. The post-acquisition integration approaches are based on strategic and organizational task objectives. Whereas Haspeslagh and Jemison's (1991) framework deals with three integration approaches, a reverse situation was found where companies were made more autonomous than they were before the acquisition. This situation will be referred to as 'deweaving'. The latter 'integration approach' is characterized by companies being split into separate entities or by business units being dewoven from the value chain. In the given cases where companies were broken up, this was not the end-state. To obtain economies of scale and scope, the separated parts were integrated (absorbed) into larger newly formed legal entities.

Upon discussion at the case company's headquarters, it was realized that though uncertainty is described in most change management literature as a resultant of change processes, it shows the characteristics of a process variable. Uncertainty as perceived by employees is not assumed to be an end product of a change process, it is a major variable impacting the change process throughout its course. Subsequently, questions testing for the presence and the characteristics of perceived uncertainty are incorporated in the structured interview. Perceived uncertainty stemming from the post-acquisition

integration process was considered a dual construct, consisting of perceived organizational uncertainty and perceived personal uncertainty. Where perceived organizational uncertainty is assumed to relate to worries about the future of the company and perceived personal uncertainty is assumed to relate to worries about the future of the employee within the company.

The following part of the study covers the within-integration approach analysis, searching for relevant variables and how these are related to the mechanisms of strategy realization. It is emphasized that the analysis reflects the views of respondents only, and that in this part of the study not pulling across case makes for repetition of issues.

The semi-structured interview used in the field study is a broad based tool allowing for interrelationships and for detection of factors other than culture differences as significant variables in the post-acquisition integration approach impacting strategy realization. A copy of the document used in the structured interview is attached at annex A of this study, acknowledging the origin of the questions.

Post-acquisition, the Wegener organization has been going through two integration programs, IPW-1 (Integration Process Wegener-1) and IPW-2.

The first integration process designed a blueprint for the new Wegener organization based on strategic and organizational task objectives. IPW-2 was

an extensive program to fine tune the blueprint based on benchmarking the newspaper publisher operations.

		need for strategic interdependence	
		low	high
need for organizational autonomy	high	PRESERVATION Brabants Dagblad Eindhovenens Dagblad De Twentsche Courant/Tubantia (DTCT) Wegener Uitgeverij Midden Nederland (WUMN) Sijthoff Pers Wegener Huis aan Huis Oost (WHO) Wegener Huis aan Huis West (WHW) Wegener Huis aan Huis Zuid (WHZ)	SYMBIOSIS Wegener Grafische Groep (WGG) ITC/Kranten (ITC/K)
	low		ABSORPTION De Gelderlander & WUGO Provinciale Zeeuwse Courant (PZC) & BN/De Stem

Table 12: The independent companies by integration approach

4.3.1. A Hybrid and Ongoing Process

The newspaper companies have a history going back centuries, and an extensive record of mergers and acquisitions. The age structure and tenure of employees is such that most have experienced being acquired and being part of

an acquiring company. VNU Newspaper Group is integrated into the Wegener NV and though it could be labeled absorption, the hybrid Wegener organizational integration below corporate level is not necessarily typified as such. The consolidated company is a complex matter not nicely fitting into classes described in literature. To typify the newspaper companies as business units or to see the consolidated company as a conglomerate would not be a true reflection of reality.

Contradictory to what is often the case, the acquired company was not molded to fit the acquirer, rather a fair number of strategies of the acquired company were implemented. The result resembles a merger of equals more closely than an acquisition. Upon acquisition in late Summer 1999, VNU newspapers brought with it the advice, from an external consultant firm, to take information technology, the print facilities, and the door-to-door papers out of the newspaper companies' structure.

Parallel to this organizational dismantling, overhead activities such as salary administration was already being dewoven from newspaper companies, and it was expected that by 2004 more administrative activities would be transferred to corporate headquarters. As depicted in figure 4, those parts of the value chain that can be grouped for economies of scale and scope will be separated from the newspaper publisher's value chain.

In the field study, the post-acquisition integration process is a multi-layered, dual direction and on-going process.

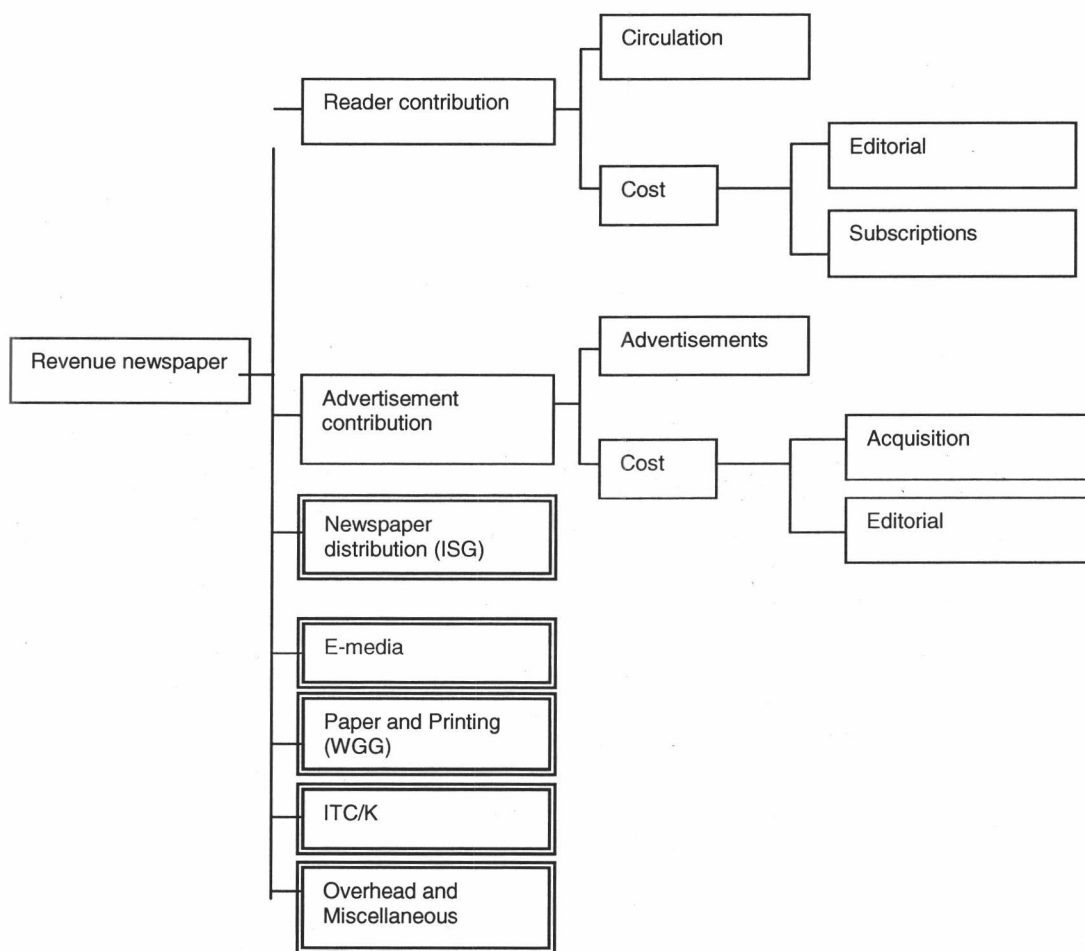


Figure 4: Newspaper organization configuration

The companies with a post-acquisition integration approach defined as preservation have a limited amount of interaction, and a high degree of autonomy. In the case of the new Wegener organization, the newspaper companies remain separate and independent legal entities with their own budget, revenue, and profit margin responsibility, though no longer designed with a value chain to land the newspaper on the doormat. Local embedding is a

critical factor for the daily newspapers and weekly door-to-door papers and the newspaper organizations, both the daily paid-for and the weekly free door-to-door papers, remain preservations with regard to corporate headquarters and each other.

As mentioned earlier, in the field study a process best described as deweaving was encountered. Haspeslagh and Jemison (1991) refer to the division of a company into a streamlined product based manufacturing and development organization and a territorial-sales and service outfit. However, at Wegener parts from formerly independent businesses were dewoven and reestablished as new independent companies.

There are seven examples of this in the field study, which could further be grouped into two types of deweaving. Departments, such as printing and information technology were deconstructed from the value chain and regrouped - absorbed vis á vis each other - upon which they then continued as separate legal entities with their own management, goals, and budget. With regard to corporate headquarters and the other companies in the newspaper part of the Wegener corporation, they are operating on a symbiosis basis. These companies are highly autonomous from corporate headquarters and the entities they work with, though operationally highly interdependent with the latter.

The other type of deweaving would best be described as the breaking up of companies. The independent entities producing both daily and weekly papers were being dewoven resulting in a daily newspaper company and a collection of

door-to-door papers clustered in one of three new legal entities, based on area of circulation.

These clusters are 'Wegener Huis aan Huis Oost' - Wegener door-to-door East (WHO), 'Wegener Huis aan Huis West' - Wegener door-to-door West (WHW), and 'Wegener Huis aan Huis Zuid' - Wegener door-to-door South (WHZ).

It is not clear from literature on post-acquisition integration, whether organizations other than Wegener NV integrate in a like manner, whether the deweaving phenomenon is due to the characteristics of the newspaper business, or whether it is a Wegener specific approach.

Absorption represents the most complete integration. The newspapers going through this process, combine operations, assimilate cultures and face redundant functions as two formerly separate entities become one (Haspeslagh & Jemison 1991).

In the discussion of the Wegener newspaper and newspaper related companies below, strategic task objectives as seen by respondents are reported in order to be able to evaluate strategy realization. The integration approach, integration process and value creating processes are reported, as they constitute the strategy implementation phase, while culture issues directly concern the research questions. Taking into account the earlier observation of perceived organizational and personal uncertainty being post-acquisition integration process variables rather than process outcomes makes for the inclusion of these variables in the exploration of the processes aimed at strategy realization.

4.4. THE ABSORPTION CASES

Extensive background information on the newspaper publishers in this group, as well as those constituting the preservation cases is given in four tables at appendix A. These tables comprise the market in which the respective newspaper companies operate, the revenue drivers of the newspaper companies, the cost drives of the respective newspaper companies, and characteristics of the organization. The tables are compiled from company records, structured interviews and a consultant's report.

4.4.1. Discussion Absorption Newspaper Companies

A. STRATEGIC TASK OBJECTIVES

The strategic task objective in the absorption cases is mainly domain strengthening (Haspeslagh & Jemison 1991). Wegener has a sustainable position in the local newspaper market and will build on the post-acquisition market share to compete with the national papers.

At the level of the newspaper, publishing companies there are synergies based on combination benefits cutting out overlap, sharing resources and functional skill transfer sharing of best practices resulting in product improvement, innovations, better service for the clients and secure newspaper distribution. Improved customer care is considered to reduce the macro economic trend

impact on revenue and subsequently newspaper advertising is considered to be less likely to disappear amongst the first from businesses' media budget.

The NMa , the Dutch regulator, insisted that one of the Wegener publishing houses, "WUGO", would sell the "Arnhemse Courant" and five editions of "Gelders Dagblad". The NMa considered the acquisition to have monopolistic characteristics in certain parts of the country. In some instances, this concerned newspaper titles, in other instances it concerned door-to-door titles. Wegener sought redress in court and established a working group to investigate the integration between the titles to be divested and the former VNU newspaper, "De Gelderlander".

Cutting out the present overlap, the combination of the titles offers a unique chance to form a solid newspaper publishing organization of which the consolidated parts will be stronger than the stand-alone titles. The newly integrated newspaper "De Gelderlander" requires the conversion of the "WUGO" titles to a morning edition as opposed to holding on to the existing afternoon edition.

B. INTEGRATION APPROACH

These newspaper companies are labeled absorption for in the integration process they have lost or will lose autonomy, they will share resources to such an extent that there will only be one operating company remaining and this under one management.

Eight out of eleven respondents in this sample experience the integration approach to be an absorption, two experience it as a preservation and one respondent would label it symbiosis.

Perceived levels of autonomy and interdependence required are impacted by the fact that VNU is considered to have been a more flexible organization while at Wegener everything is distilled in operating procedures. Regardless of their pre-acquisition origin, people feel they have become more dependent, which is illustrated by a step such as the outsourcing of newspaper distribution. Decisions on employee salaries and benefits are only up to a certain level the prerogative of the newspaper company, while the freedom to operate within the budgetary plans are perceived to be limited in nature.

Corporate actions for instance reference centralized procurement are understood, however the actions have unintended consequences that affect front line employees in the daily operation of the company.

C. INTEGRATION PROCESS

At the time of the field research, the integration process between "De Gelderlander" and two newspapers from the "WUGO" entity was nearly completed, on the other hand that of "BN/De Stem" and the "PZC" had not become effective at the time of the interviews. These two newspapers were about to enter a cooperation process in their overlap area as the first step towards further integration. The conversion date of the two "WUGO" titles and "De Gelderlander" was set at 5 November 2001. On that date all plugs were pulled out of the old organization, from then on one paper was printed.

In November 2000 the "WUGO-De Gelderlander" consolidation was presented to employees by means of road shows, followed shortly thereafter by the kick-off of five workgroups which shaped the project. This resulted in a blue print 'Better Together, Together Better'.

Across VNU employees left and applied for jobs at other branches of the company (not acquired by Wegener) or moved out of the area and/or industry.

"Valuable employees are the first to leave, they have no problem finding another job."

Wegener wide a special integration newspaper was send to employees' home address to communicate the acquisition of VNU. The results of the communication exercise were not in line with corporate expectations. It is felt that the publication was not read, or read but not understood. It definitely did not contribute to a 'Wegener' sentiment. Employees still feel part of 'their newspaper' whatever its origin, but much less or not at all of the Wegener Group.

At the "De Gelderlander" employees united and sent a delegation to pass on to the Wegener corporation that they did not want to be annexed. Nevertheless, it happened. Initially every single inch was fought for, even when the issue was of no importance whatsoever to either party. The integration process started in frustration and with open warfare fought on the newspaper pages.

The number of employees leaving becoming excessive showed that the VNU newspaper people resented the acquisition and had no high hopes for the future.

After a while it became generally accepted at "De Gelderlander" that together the organization would be stronger and produce a better newspaper, with significant synergies possible at an editorial and commercial level. The post-acquisition integration process was a complex process and the nearer the conversion date, the more the absorption was felt and the more unexpected aspects came to the surface. These were mainly technical aspects, such as a different type of computers, different software, cable capacity turning out to be inadequate, etc. On the surface, these frustrations appear minor details, in practice they are major problems.

On a personal level, the geographic home-work distance is also a matter of concern, old-"WUGO" employees have to travel quite a distance. However, employees transferred to "De Gelderlander" now have better labor conditions than they had prior to being absorbed. These are better than their colleagues that were and remained 'old-Wegener', but not as good as old VNU employees.

The pace of the "WUGO/De Gelderlander" integration was such that people experienced it as being in a time warp. On the other hand, at another site in a previous acquisition absorbing two newspapers, the companies co-existed for at least three years and were only brought together when the geographic area they cover was struck by a national disaster.

Respondents consider it strange that managers have not been trained in transition management. However, the "WUGO" newspapers had to be

integrated into "De Gelderlander", in such a short timeframe that when the integration process actually started there was

"No time for mutiny, no time to throw sand in the machine."

The integration going smoothly after a rough start can be attributed to the management and the project leaders. The two main chief-editors in the integration process cooperating whole-heartedly were a signal for the rest of the organization. It was an appeal to commitment and enthusiasm. After the initial upheaval, the interest of the newspaper came in the first place, employees took their responsibility. The editorial project leader was a crucial factor,

"... a great guy, open and honest, setting the tone for the whole integration project. There was respect, it was straightforward and no politics were played. The integration process was completed as if it was a military exercise. There were no Polish Land Days, were everybody gathered and decided on the way forward."

The comment was made that

"The speed of implementation could result in 'a little bit of everything' and affect the organization in implementation of changes and cause absenteeism."

The "De Gelderlander" integration process was well executed. It comprised a mobility plan and a book with job profiles. The careful appointment procedures took the cold out of the air and faster than expected cooperation took shape.

The psychological process has been very important.

"Do I get a fair deal, is my past commitment to the company taken into account?"

Employees filled in forms stating their preferences job-wise based on job descriptions in the book of profiles. Everybody was offered a choice of three posts. In the first instance, management was installed, followed by middle management. Allocation of the remainder of the jobs occurred at micro level, genuinely taking into account expertise and preferences. Next, the mobility plan was implemented, a rollover affecting 600 employees. The end result was considered a success. Only four people took legal steps to safeguard their interests.

The Wegener organization's social paragraph protects employees from being made redundant due to the integration of organizations. However, offering job security is estimated to have its repercussions, one of the consequences being that the age curve is starting to have a negative impact. Another negative effect is that people sit year in year out, day in day out, on a chair that is not really a vacancy. These employees end up doing odd jobs, perpetually. On the other hand, the technical skill requirements of most jobs make these difficult to fill with redundant employees. Even the job of security guard has changed so much the last few years that the incumbents have to be PC literate. As the companies have to be operated efficiently, an alternative would be financial arrangements for surplus employees. These cost money but re-schooling is considered equally expensive, especially as the success rate lingers around 70 percent. With the remaining 30 percent of the people, one thing after another is tried in the course of the years, but nothing turns out to be successful. It is perceived that there should not be an open end. Once given a few opportunities and in the

case where these all turn into failures, this should have consequences for the employees, or alternatively the independent entities should be granted less of an efficiency requirement if they continue to carry these employees.

"Up front it seems very social, the backside is not. Not regarding efficiency requirements and not regarding colleagues. Most companies have in between 10 and 30 percent problem cases, which are a residue of earlier integration processes."

Following the acquisition announcement, at the "PZC" organization, the kick-off of the Wegener VNU acquisition was by means of a road show. The tone and content of the road show had a detrimental effect throughout the organization. The employees of the door-to-door papers learned that they would be sold, following an NMa ruling. Employees felt they were one company, and all felt the blow. On the speaker's platform, there was a feeling of jubilee contrasted by a general feeling of despair and mourning within the company. Messages can be presented without words and come across loudly, whether the impact of non-verbal messages was understood was not clear to the respondent.

The "PZC", the newspaper company to be merged with "BN/De Stem" fears that its operational results are negatively influenced by the deweaving of distribution and printing press from their value chain. Having been stripped of departments and operational divisions in the past, the newspaper has become vulnerable to continue its existence as an independent newspaper company. The company used to have an overhead amounting to 2.7 million Euro on a revenue of 77 million Euro at the time when they were a complete publishing house. Distribution now is a cost while earlier distribution was a null operation, it paid

for itself as distribution of third party advertisement leaflets paid for the cost. It is not only that the PZC's profit and loss account now compares less favorably, without printing and distribution in-house the cost have risen substantially. Furthermore, the relationships between the amount invoiced and the services delivered are not always apparent. Though in principle the amounts to be invoiced are known, each year there are nasty surprises.

On absenteeism and voluntary turnover there are divergent views within the hierarchy of the organizations. Respondents range absenteeism from 'not above average' to 'very problematic'. Involuntary turnover ranging from "hardly any" to "many new faces in the canteen."

The employees resigning the absorption newspapers, mostly editors and IT specialists, step out of the Wegener fold.

D. VALUE CREATING PROCESSES

Wegener does have the publishing of papers in its genes and is known for its cost consciousness and efficiency. VNU sees Wegener as an organization with stamina, with the ability to survive turbulent times.

As a listed company, it has to live up to expectations even if this puts the whole organization under pressure. It is Wegener's culture to think short term, versus the more entrepreneurial style of VNU. The VNU organization was stimulating, more diversified and due to other activities less cyclical, which left more room for creativity. VNU was strong in business marketing, knowledge which now is being shared. It was remarked that a consolidation requires a strong discipline,

'a man a man, a word a word'. It is generally thought that once familiar with the new regulations, there will be a process of give and take. It is felt that the strategic photos by an external consultant, upon which IPW-2 rests, are a good development, though facts should be facts. The reliability of the data gathered is estimated to be a risk.

Upon deweaving the door-to-door papers, ITC/K and WGG from the newspaper companies, respondent consider that knowledge has become scattered to the extent that they no longer are aware of the extent of the knowledge base, its location or how to access it. There is the distinct feeling that inquiries at other independent entities are met with resistance. On the other hand, workgroups across newspaper organizations are a platform for knowledge and best practice exchange, the only drawback is that towards the end of the meeting, decisions are taken quickly due to constant time pressures.

"Green letters" to solicit information are perceived to be decrees from the Board of Managing Directors. When such a letter on green paper arrives, it reverberates through the companies. It is felt that at ridiculous short notice headquarters are to be provided with the information requested. This results in much project work, which interferes with operational tasks. A number of department heads are investing their energy in projects to the neglect of organizational development.

The "green letter" priorities are such that one's own work suffered. The knowledge and skills for which people were initially hired, are no longer

deployed into newspaper operations, while a structure to facilitate the migration of best practices is not yet in place. A manager remarked that in an uncertain situation intuition is an important characteristic, and with a sense for understatement he would say that he missed it. The Wegener group wants to measure performance and adhere to its number crunching. Globally set measures have become rules over night. Budget constraints stem from the additional 34 million Euro the newspaper companies have to save on an annual base.

"Synergy is not always the aim, it is common cost cutting which is prevalent. Moves towards synergy are easily postponed a year when they require investment. Estimated calculations became cast in concrete. When additional funds are needed, a syrup-like process commences."

Not all best practices are transferable. In trying to explain, employees throughout the organization have the feeling that at corporate level, they are seen as inflexible and uncooperative. The employees themselves have consciously considered the drawbacks of such actions for their own career, and decided to take the risk and speak up, rather than carry their own newspaper to the grave. In the IPW-2 process best practices are presented reference the manner in which the newspaper companies should be run, it is not clear how much freedom will be given in applying the recommendations. Problems are believed to arise by succumbing to Wegener's interests at the cost of local interests.

Saturday subscriptions are an example of this. At the end of a subscription trial process, a subscription of one paper a week - the Saturday edition - is offered. It is estimated that regular subscribers would also opt for it, causing a snowball

effect and a negative one at that. Readers find a subscription expensive, which can be deducted from the fact that so many households share reading a newspaper. Evidently, regular subscribers are not offered this type of subscription, but people talk, meet and the result will be quite detrimental to the company.

"When implemented, we would be stuck with it. Once a cake is baked, the eggs can no longer be separated."

There are no goal conflicts on the main lines but there are goal conflicts on detailed plans. At the "De Gelderlander" an augmentation of the subscription price is seen as a goal conflict because the integrated newspaper is already at a danger of losing subscribers going from three titles to one. Corporate headquarters dictates price augmentation of subscriptions. These are little understood, their impact is feared but newspaper companies have to obey.

Apart from cooperation with the absorption partner, cooperation is mainly with the Wegener units from which services have to be bought. Not only do organizational processes depend on ITC/K support, also the growing number of manuals furnished by corporate headquarters limits entrepreneurial attitudes and actions. Problems are not solved where they occur, they are referenced in manuals and the solutions provided therein have to be applied. To some extent, there is freedom to operate the company independently and adapt to market threats and opportunities.

The services and products provided by Wegener companies are not always of good quality. Examples were given, Telemarketing situated in Diemen (near Amsterdam) uses disinterested students with a non-local accent to sell subscriptions. In a pilot study, locally manned, much better results were obtained, as both subscribers and advertisers are sensitive to accents. Between absorption partner's data on subscribers is shared so that in marketing actions, people that already have a subscription to one of the Wegener titles, are no longer approached.

Specialist advice can be obtained from headquarters, briefings by people who are experts in a certain area are experienced as positive and quite relaxed. Another exchange of knowledge is the possibility to train new employees across Wegener companies.

At corporate headquarters, the people just below the Board of Management are perceived not to want information to disseminate, they are considered a blockage in the communication process. It is generally felt that at headquarters there is a considerable overhead. At the newspaper companies, people wonder, but have no insight in what all these employees at corporate headquarters contribute.

"Nowadays we all invent the wheel, on special actions (like the 'Sportkas') we could pull forces. There are however culture differences, some newspaper companies are very open with information, others are much more on their guard. The differences are both regional and depending on pre-acquisition origin."

According to Wegener employees, ex-VNU is more inclined to sharing. The closer in geographical proximity the newspaper publishers are to each other, the more contact, which is not experienced to be counter logic.

Throughout the organizations, it is hoped that IPW-2 will provide transparency and open doors to learning opportunities. Editorial and commercial sides of the business should work together more closely.

The new "De Gelderlander" organization is very much aware that unlike other branches of industry, they do not know who their customers are or what they want. It is felt that the whole integration process unearthed possibilities at which energy should be directed. There is a competitive advantage in a high quality service for subscribers - finding out what they want editorially - and by getting to know the commercial clients. One of the respondents remarked that from all the turbulence stemming from the post-acquisition integration approach, the initial fighting spirit generated should be directed towards competing with the national newspapers.

For the newspaper publishing companies to be able to cooperate, the use of common systems and underlying processes is required. For example, at present the situation is such that when editorial copy is sent from the "PZC" to "BN/De Stem" or vice versa it takes a few hours before all glitches are taken out of the text, due to non-compatibility of code-pages of the different IT systems in use.

Another type of value creating in M&A altogether is sharing lessons learned from infrequent happenings. A manager, who has since left, in an earlier post-acquisition integration process considered the problem of surplus personnel as having a negative impact on multiple parties. He alleviated the situation for all concerned by offering employees that were surplus a chance to apply for any vacancy they favored in the company. When there was a mismatch between experience and job requirements, the company provided education and training and until the incumbent gathered his/her feet, within a reasonable time period, he or she did not lean on the budget of the department with the vacant position. The employee was given a few such opportunities. On the rare occasions things did not work out, the employee left the company. All parties were pleased with this placement program and with the outcome. The most notable success was a redundant technician becoming the advertising department's star salesman.

E. CULTURE ISSUES

Ex-VNU respondents and old Wegener employees alike see the former VNU entity "De Gelderlander" as more open and maintaining less distance between the hierarchical levels. VNU employees were accustomed to a different style of leadership compared to that at Wegener. Wegener people are perceived to feel more comfortable in subordinate positions, while especially ex-BN people dislike hierarchy. As VNU was more open and sociable, more initiatives and risks were taken, management understood that entrepreneurial actions require freedom to operate. At group meetings, Wegener people are perceived to keep quiet but this does not necessarily mean they will do as they are told. VNU

people will speak up, ex Wegener people will stand on the sideline without showing agreement or disagreement, without surprise or reproach.

Capabilities are considered to be preserved in the organization's culture. Due to centralization efforts, it is perceived that the Wegener corporate culture slowly replaces the cultures of the different newspaper publishing companies and that regardless of their origin. However, too much centralization is felt to result in a move from 'commitment' to 'filling a position'.

"People are no longer a mooring-post on the beach but a grain of sand at the seaside."

There is the fear that within five years this type of attitude will prevail and employee commitment will be gone with the wind. It is believed that the acquiring partner needs to take into account that in a certain area, a tradition, and a way to perform one's tasks, has developed in reply to the local customers. Products and processes have proven themselves, if not preserved, customers will change supplier. Not all processes can be replaced in a like manner, without knowledge, and evaluation of the negative impact. Per area the market characteristics need to be taken into account. For example, the time delay between date of invoice and actual payment is part of the regional culture. Some customers pay late, historically some pay all invoices once a year, very few of the latter however are dubious debtors. Wegener has described in manuals which steps to take after which invoice dates. In some areas, local customers would be shocked and not take kindly to the threat of a visit by the bailiff.

Historically, the "De Gelderlander" was a liberal newspaper with substantial journalistic freedom, "WUGO" is more hierarchically structured. This shows in the organization and in the work ethos. The "De Gelderlander" is afraid the strict Wegener culture - which is rigid up to determining the length of articles - seeping through.

"WUGO" does not have such fears reference letting their own culture go, they prefer the freedom of operation in the "De Gelderlander" culture. On several occasions, it was remarked that the project organization did a marvelous job addressing culture differences and in bringing people of both organizations together.

"Support for the vision and respect for each other, one's background and new position conquers a lot of culture differences. Culture differences "there being other ways to do the same thing" become apparent at time of changes. The direct management is responsible in this. Most employees adapt if the changes are fair, if not there is open warfare. Admittedly, it can take a while before management notices what is going on. Openness to others is a process, which needs to be managed, it cannot be injected with a syringe. Making a newspaper is coordinated and cooperative action, it is not a series of solo numbers. It is a natural process that people from the different camps support and protect each other, however this makes the post-acquisition process more complicated. It is not a good thing that employees are divided in 'us and them', although it does ebb away if agreements are adhered to. The perception of being part of the newspaper has to be preserved. It is complementary and not at odds with what needs to be implemented."

VNU did have responsibility low in the organization. Everybody was 'thinking', brought forward ideas and developed these. An attitude of "think, dare, do, persist", brought people together. Wegener did not have a good reputation and

subsequently, upon the news of the acquisition, many good people left. Wegener is estimated to be more cost conscious and hierarchical,

"One boss and he bakes the cookies."

People congregate based on the company they originate from and camps are formed, they feel culture differences cannot be kept intact if organizations melt together. Employees considered it strange that initially the acquisition was seen as negative, in retrospect it has not been so bad. There is support of colleagues in daily routines and in problem situations, but not everybody is as ambitious or enthusiastic.

Responsibility remains high in the organization. Wegener top management is perceived as keeping their distance, they are never seen, but manuals are forwarded stipulating how the companies should be operated. Though two years ago it was stated that responsibility would be pushed down the organization, nothing was heard or seen of it since. Upon the acquisition by Wegener, good managers left not believing a challenge would be offered by the new Wegener organization.

F. PERCEIVED ORGANIZATIONAL AND PERSONAL UNCERTAINTY

August-September 2000, the "BN/De Stem" employees heard about the VNU newspapers being acquired on the radio, which was generally perceived as not being the appropriate channel of communication. Autumn 2000, IPW-1 started but only the general manager was part of it, none of the heads of departments. There were hardly any meetings,

"We deduct rather than that we are informed."

Following the acquisition, the former competitor was to be seen as an ally and a partner. In essence, nowadays, there are no more trade secrets, still it is found difficult to pass on certain information to - until recently - the biggest competitor in the area.

The deweaving of the door-to-door papers, print facilities, and ITC/K and combination of personnel administration and salary administration was almost immediate. In the earlier integration process of "Brabants Nieuwsblad (BN)" with "De Stem", there were plans for cooperation, decision procedures, appointment procedures and implementation plans drawn up. This is not the case in the Wegener VNU acquisition. At the beginning, at all levels in the organization, it was perceived by the staff that the general manager was treated as a marionette, surplus chiefs of personnel and other department heads were left in the dark.

Creating support in the organization, giving employees the opportunity to understand the what's, why's and how's has not been a consideration. Later the situation stabilized. Initially the perceptions of organizational and personal uncertainty were omnipresent. At VNU, Wegener was known to be a company where people were offered employment at a low level for a small salary and where employees had to perform under great pressure. Wegener commercial people were seen as not always honoring agreements, there was not a person at VNU who would have applied for a job with the company out of their own free will. Wegener had a very negative image.

There is also uncertainty which stems from old company-specific software, which is hard to maintain and this is believed to be part of the reason ITC/K only comes and solves problems after pressure has been put on the kettle. Upon deweaving of their ITC/K departments, the newspaper companies lost grip on the work performed and service provided.

"ITC/K people drive around in cars and come and solve problems time permitting. Also for a new computer, delivery times in excess of two months are normal. This makes for organizational uncertainty rather than uncertainty about one's own professional future. It endangers operational activities, newspaper production."

A respondent has been in situations where "all hell broke loose." A note was made that in the short term people can get change-tired, due to a lack of support from top management, too little support for each other, and/or new rounds of changes before the results of the present one or earlier ones have become apparent.

The continuous change processes and the speed which they have to be implemented coupled to the macro economic trends are believed to carry the inherent danger that the companies will end up doing a bit of everything. Some employees have four integration processes in five to six years under their belt.

Respondents report that the many changes make people weary, it is considered difficult to muster enthusiasm for yet another adaptation to changing circumstances, especially when time is too short to see the benefits of previous

change programs. This leads to demotivation, which spreads throughout an organization. Change is virtually continuous and asks a lot from employees.

Perceived personal uncertainty was enormous and came in two waves. The first mainly for "WUGO", as NMa pressure to sell "WUGO" 's south flank was a perspective void of a future. If something looms which is beneficial to not a single person, it presents a dooming uncertainty. In the second phase, there were the appointments in the integrated companies. It was an uncertainty but there was job security in an organization with a future. There were many questions and lots of commotion on the workfloor.

The feelings of perceived personal uncertainty were very much present but got canalized by the integration process project called "ISIS", the integration of "De Arnhemse Courant", "Gelders Dagblad" both "WUGO", and "De Gelderlander". "WUGO" had the feeling they were combined with a former competitor and wondered what the future had in store for them. Especially at the two "WUGO" titles, the "De Arnhemse Courant" and the "Gelders Dagblad", perceived personal uncertainty was most prevalent, however it is felt that these emotions were dealt with adequately. At the redaction this resulted in equal treatment once the dust was settled, at the commercial part of the firm they are still knee deep in all types of personality problems.

The negative effects of not knowing what the future would bring were under control, once it became clear that the managers did get on well, and that they did cooperate. It did set the tone.

The Wegener acquisition of VNU newspapers did cause uncertainty and unease mainly because in the beginning there was no communication, employees read about the acquisition in the newspaper at the same time as the subscribers and advertising clients. One of the respondents heard about the acquisition on the radio as she stood brushing her teeth. It was generally felt as a complete lack of courtesy. If not job security, job satisfaction is considered to be at stake. There is extensive worry regarding the geographical spread of the jobs, also skills disappear as people leave for other jobs or to other locations. People feel committed to their newspaper company but Wegener is seen to throw this by the side.

In the overlap area there is much personal uncertainty of which local management believes it only sees the tip of the iceberg. Ex VNU employees are alarmed at the Wegener mentality. The Wegener corporation is very much regulated, everything should be according to the manuals. At VNU, problem solving was a human activity. Within the personnel department, the financial administration,

"... there are manuals for everything, up to a copy of the forms to be used are incorporated in the manuals. This frightens people, IPW-2, the benchmarking exercise is feared to have dire consequences for jobs and job content".

"The consultation phase takes forever, it takes too long, and it has been taking too long."

For a lot of people it is problematic to be relocated, to uproot their social life and their commitment to elderly parents.

At the earlier integration of "Brabants Nieuwsblad (BN)" and "De Stem" there was a paper "Intercom" sent to the employees, which they and their family members enjoyed reading. The process that now unfolds is blunt. Offering jobs-for-all will be more difficult in the future. Jobs in Vlissingen will disappear and employees will have to move to Best, Breda or Houten. This is not openly communicated, but people are aware of it. At "BN/De Stem" it was commented on that they benefited from their more central position geographically as an organization and personally. In Breda people are more mobile. Breda is not only more centrally situated in the country it also has a better public transport infrastructure. However, employees at "BN/De Stem" are aware that part of the jobs presently in Breda will move to Wegener corporate seat in 2004.

An issue adding to organizational uncertainty is that it is perceived to be a serious weakness should corporate headquarters have to be called for support on every issue slightly out of the ordinary.

"The future is black if employees are no longer skilled to do more than one job."

There is the apprehension that everything needs approval, and that stepping out of line gets one whistled back. It is admitted to be an overdrawn picture of reality but it is felt that there is the danger of performance moving towards that under the communist system.

"A farmer under tight rule gathers less than free farmers."

Also reference the pending combination of "BN/De Stem" and the "PZC", communication is experienced as fallen by the way side.

"The differences in salary and other employment issues are quite substantial and there are employees who cannot live with it, ending on sick leave after 25 to 30 years of dedicated service to the company. It is painful at that time in their life when changing jobs is not easy."

Perceived uncertainty does not always stem from facts, there are occasions were mistrust and lack of communication amounts to complot theories, which are ungrounded but stem from collective sense making of a novel post-acquisition situation. Examples of this were furnished by one of the respondents.

Upon exchange of an employee with the former competitor, the company was rife with rumors that "they have come and will take over", in retrospect the truth was as it was presented. The employee was coached and trained at the other company and did come back into his own position and the employee the "PZC" had coming over went back too.

There is the perception that Vlissingen (PZC) might be stripped and that parts of the company will be relocated, which causes feelings of uncertainty reference the future of the company as well as personal uncertainty.

There is unrest, but the Wegener organization is honest about a possible integration of "PCZ" with "BN/De Stem", a lot of things are 'for the time being'. There is a dark feeling that in the integration process, Vlissingen will not be a focal point. Vlissingen is geographically an outlying district and therefore not efficient as a center of rotation.

Part of the administration will shortly move to Breda, it is feared that in an ultimate centralization move these divisions will relocate to Apeldoorn in a few years time.

In both the completed integration and in the pending one, communication is scarce, which results in people filling the gaps in knowledge with rumors. It is an uncertain situation, not everybody feels happy with. Employees interviewed contemplated they spent more time on these IPW data gathering projects than on their own job.

It is understood that all companies' performance will improve based on implementation of best practices. However, a majority of the respondents feared that not all variables have been taken into account in IPW-2 and that similar variables are not necessarily interchangeable. Furthermore, variables, which are difficult or impossible to measure, were not incorporated.

Juxtaposition of newspapers and comparison of organizational processes shows some companies are more efficient than others. The IPW-2 report ends with conclusions and recommendations based on the benchmarking exercise. The recommendations are presented in what is called 'toolboxes'. It is perceived local management will have to show use of the toolboxes

"When management's performance will be based on use of tools from the box, entrepreneurship dies quietly. Each management will have to decide whether it will run in the race 'who applies most out of the toolbox' or will the longer-term future of the company be of paramount importance".

4.5. THE PRESERVATION CASES

Extensive background information on the daily newspapers comprising the preservation approach is given in Annex A.

4.5.1. Discussion of the Preservation Newspaper Companies

The companies in this sample were and remained preservations, they are legally separate entities with their own budget and management. The daily newspaper companies are independent from each other and from corporate headquarters and fully autonomous for all intent and purposes.

A. STRATEGIC TASK OBJECTIVES

The strategic task objective of the companies in this sample is to defend a sustainable position in the local newspaper market building on the post-acquisition market position in order to compete with the national papers. The strategic intent in these cases regards domain strengthening (Haspeslagh & Jemison 1991). At the newspaper publishers there is the potential for synergy by benefits from functional skill transfer resulting in product improvement, subscription retention, innovations, better service for the advertising clients by customer relationship management (CRM), secure newspaper distribution, and to endeavor a leveling off of the macro economic trend impact.

Respondents found it difficult to name synergies. With hardly any structured contacts between the newspaper companies, the second Integration Process Wegener (IPW-2) document was awaited to point to the synergy potential in sharing knowledge or skills. At present interdependency amongst the newspaper companies is low, four out of five newspapers have no interactions with the other newspapers other than exchange of copy on special occasions such as a Royal visit. Though direct actions such as the one described above do not occur frequently, editorial content is indirectly shared through the services of the "Gemeenschappelijke Persdienst" (GDP) - Common Press Service. The same applies to centralized sales of advertising space to nationally operating clients by "Nationale Regio Pers" (NRP) - Joint National Account Management for Dutch Regional Newspaper Publishers.

B. INTEGRATION APPROACH

In the preservation cases, the post-acquisition integration approach falls apart in multiple 'realities', the actual corporate planned and implemented integration approach, and the integration approach as perceived by the employees in the independent entities. Twice respondents see the post-acquisition integration approach as preservation (high autonomy and low interdependence), seven times as symbioses (high autonomy and high interdependence) and six times as absorption (low autonomy and high interdependence). Therefore, the integration as planned by the Board of Directors is not in all cases in accordance with the one perceived by the employees in the newspaper companies. On the whole, respondents find that there is freedom to operate and

freedom to adapt to market threats or opportunities, that organizational charts are designed and filled in locally as well as decisions on employee salaries and benefits. Independent from each other two people made a similar remark of which one is quoted:

"All organizations hang together by rules and regulations but if you jump, when you jump and how high you jump depends on how sensible you think the request is. In general we still decide autonomously."

Seen these answers the ambiguity reference the integration approach is odd. The differences in perception all run in the same direction, less independence than corporate level perceives to have given. Due to the deweaving processes, seven respondents find themselves depending more on cooperation with others or rather to be dependent on people or processes outside their company (printing, IT). Six respondents find that the integration approach, as they experience it in daily operations is, characterized by both high dependence and low autonomy.

The discrepancy between actual integration approach and the integration approach as experienced by respondents - when queried on the subject - turns out to be based on the persistent requests for information, corporate decisions spanning all the daily newspaper companies (cfr. subscription price), and forced procurement. These are experienced as infringements on their companies' boundaries, in respect of power and control of and/or due to dependency on others in the smooth running of their operations. The impact on autonomy is felt the more due to interdependency extending to parties that would not be contract

partners of choice if they were interdependent but autonomous in their decisions.

C. INTEGRATION PROCESS

At present the changes are towards efficiency, more or less stand-alone, and do not extend to interdependencies with other newspaper companies or loss of authority reference corporate headquarters.

Two newspapers, "Brabants Dagblad" (BD) and "Eindhovens Dagblad" (ED) used to be part of the same publishing house, namely "Brabant Pers". They were broken up into separate independent newspaper publishers by VNU at the time of the acquisition. Wegener did not interfere, or turn back the clock. The breaking up of the company was aimed at enabling both newspapers to aim for a stronger market focus and focused development of the titles.

The characteristics of a regional newspaper's product - the editorial and to some extent advertisements - is such that it needs to be produced locally. Also both sources of revenue - subscribers and advertisers - are based locally. The actual integration process is characterized by a limited amount of changes in the organizational, technical, administrative and cultural configurations. In general, it is felt that there is the freedom to react to market threats and opportunities autonomously, and that the need for strategic interdependence is limited. At least until the results from the benchmark project are known.

Awaiting the results from IPW-2, which are estimated to lead to sharing of best practices, the instructions for synergy based on cost cutting result in the

apprehension that IPW-2 will be no more than a lubricant for more cost cutting. Throughout the hierarchy of the companies in this sample, there is a lack of understanding of the deweaving process rationale, the cost benefits of forced procurement, and certain resignation towards and acceptance of actions ordained from corporate headquarters.

"Sometimes the wind blows from the West and at times it blows from the North. From core to diversification - from centralization to decentralization - from deweaving to absorbing. If you sit on the train long enough you see it all and some things more than once."

As is to be expected in an integration approach typified as preservation, the transition has been smooth. Respondents do remark that post-acquisition the decision making process has become longer. Due to the policy that whatever the acquisition turbulence, employees will not lose their job, does result in situations where not all positions are filled by the right incumbent.

D. VALUE CREATING PROCESSES

At a local level, value creation is sought by benchmarking between the newspaper companies (IPW-2), to be followed by an exchanging of best practices, sharing of knowledge and skills. At present value creating processes are unstructured and mainly on employee's own initiative. One of the newspaper companies had the distribution system under control but found it impossible to share this knowledge. Problems with distribution are universally present in the Dutch newspaper market. Though Sijthoff, the newspaper company in the Southwest of the country, made the knowledge accessible and offered to assist in implementation, the other companies showed no interest. A

respondent attributed this lack of momentum to the deweaving processes, reverberating through the organizations. Organizations are still recuperating from the changes in the past.

One of the post-acquisition agreements was to co-sell advertisement space. Tariffs, processes, and a structure were agreed upon. While one entity sells combined advertising space, the other party does so sporadically, while a third one not at all. Cooperation between companies depends on individuals. The majority of contacts are with former colleagues at other newspaper publishers.

It is generally felt that post-benchmarking process (IPW-2) enables skills to be transferred, knowledge shared, and lessons learned exchanged. Upon the availability of the results of the benchmark project, it will be known which company is best at what, which company has solved problems still prevailing at other publishers. Optimally it should be clear with whom knowledge, skills and best practices reside.

The caution that hopping from one reorganization to another hampers functional skill transfer was encountered more than once. Behind a desk, plans are designed while practice unfolds its own peculiar way. To give an example, forced procurement. The external company providing the Wegener corporation with office material feels very secure with a Wegener wide contract. The delivery of specific forms used in the advertising process can take six weeks and longer. To keep going, forms designed for another purpose are used,

resulting in mistakes being made at a loss of quality for the Wegener advertising clients. This results in less than smooth internal operation and, not to forget, in credit notes.

The companies' hands are bound while they have to watch the cost. A respondent referred to an experience, which is not unique for others also referred to it. In a pilot test comparing the services of Wegener Direct Marketing (WDM) with an external company, that latter company was 30 percent more effective. Upon presentation of facts, WDM was furious rather than that it wanted to analyze the situation and learn from it. This resulted in the remark

"Mammoths incapable of adopting to climatic changes become fossils."

The restrictions described above are an example of local directors finding that they are forced into acting as managers rather than as entrepreneurs. Other factors estimated to affect the process aimed at creating value; are the loss of commitment, market knowledge, local identity, employees and operational know-how.

At more than one site, there is apprehension whether benchmarking is leading to synergy or the forebear of a cost cutting operation. None of the newspaper companies fear that capabilities will be destroyed in the integration process other than that flexibility might be lost and local value drivers endangered.

Another issue altogether is the differences in salary and benefits. In the longer run, it is felt this might affect the integration of both companies into one Wegener group.

E. CULTURE ISSUES

Historically the Wegener organization has left the cultures of its newspaper companies intact, in and after the post-acquisition integration process. More than a year into the consolidation, not everybody at the companies acquired from VNU feels it knows Wegener and vice versa. Employees at the newspaper companies are aware of culture differences but they hardly come into contact with each other. The differences are not seen as problematic. Wegener is estimated to be more commercial, counting beans, more hierarchical, and not always following up with action.

Both at old-Wegener and ex-VNU, most newspaper companies in their fold used to be family owned. The atmosphere lingers in the halls, illustrated by commitment from employees to the company and from owners to personnel and their family. This causes strong feelings captured by "this is our company" and a pride of association. Throughout there were very strong feelings about employee commitment. Respondents in general consider employee commitment to be the distinguishable factor in their organizational culture. Respondents do feel that the part of their culture, which is threatened by post acquisition integration, is employee commitment. The latter is characterized by flexibility and has to be preserved. Bureaucracy is seen as one of the threats to the sustainability of the newspaper company for it constitutes rigidity.

"In the context referred to here, culture is the way we cooperate with one another. It is 'how we do things around here' and 'what one needs to do around here to get promoted'."

The biggest culture differences are felt to be in-house, between the editorial staff and the rest.

"Culture is Tolstoi, Bach, national dances."

Another respondent most adamantly considered their culture

"Nothing to hang on to."

All those interviewed did not feel a need for the preservation of the culture of their company other than the safeguarding of commitment.

F. PERCEIVED ORGANIZATIONAL AND PERSONAL UNCERTAINTY

When asked directly respondents hardly perceived any personal uncertainty, other than that caused by the differences in salary. It is obscure to all how the remuneration situation will be remedied. In those instances perceived personal uncertainty occurred, it was said to stem from historical events rather than from the present post-acquisition integration process. The recent acquisition of VNU does bring back memories of earlier turbulence, which does affect job satisfaction now.

"Thinking about it objectively, the consolidation is experienced as positive, it reestablished that Wegener is and remains a newspaper company."

Factors such as data gathering, deweaving, forced procurement, implementation of common systems, and concern for value drivers, of which the first three are not a topic in post-acquisition integration literature, did cause a

fair amount of organizational uncertainty both at present and in the initial phases. Throughout the interview, perceived organizational uncertainty was an aspect surfacing in the answers to most of the questions in the structured interview.

The data gathering at the base of the IPW-2 process, causing organizational uncertainty stems from the urgency and format of the information requests. A letter on green paper bearing a request for information would arrive and answers would at times be requested by the next day. In some instances, more time was allowed for, but the gathering of the data was seldom straightforward. Some of the data had never been gathered and historic data had to be compiled or was unavailable in the format requested and needed to be adapted.

Employees wonder why the 'green' letters did have to be replied to at such short notices. The rationale behind the requests was not explained, the burden on the organization was not taken into account, and it was not clear what the purpose of the data gathering was, nor whether it was or will it be made comparable. At one of the sites, some of the data gathered concerned 'counts', which for IPW-2 were based on figures of one week and then extrapolated. Subsequently respondents are concerned about the validity of the data.

The deweaving of the door-to-door newspapers is an aspect employees follow with bewilderment and which is a topic of conversation within the newspaper companies. There is felt to be a lack of dialogue on the consequences of the deweaving activities as they are experienced in the field. On the surface, these

newly formed door-to-door entities with their own infrastructure, housing, personnel department, invoicing etc. are perceived as counter cost saving.

Being tied to suppliers with a corporate wide contract covers many services (cfr. WDM and office stationary) and is not a cooperation of free will. Not all suppliers are considered to meet industry standards. Internal procurement and group wide contracts are felt to be a serious threat to autonomy and hampering entrepreneurial behavior. However, in general 'forced procurement' is a corporate request to use selected vendors. Quotations are obligatory and when there is a better quality/price offered, a change of supplier is allowed.

Comprised in perceptions of post-acquisition organizational uncertainty is the protection of value drivers. Respondents worry about the direct effects of the subscription price increase and the indirect effects of this.

For instance, the subscription price increase could result in a downward spiral, seriously affecting revenue as the number of subscriptions determines the price, which clients pay for advertising in the daily newspapers.

Different organization of work processes can lead to value creation based on exchanging knowledge and best practices, but the option to stick to present work processes is needed, should the best practices have detrimental effects under local circumstance.

4.5.2. Discussion Dewoven Preservation Door-to-Door Paper Companies

Information as available for the daily newspaper companies and presented in Appendix A under the heading 'Tables with Background Information' is not available for the non-daily newspaper companies. The newly formed entities did not have enough of a track record for this type of data gathering, subsequently the data for the non-daily paper companies is based on company records, structured interviews and discussions at corporate headquarters.

A. STRATEGIC TASK OBJECTIVES

In April 2000 it was brought forward that organizational separation of the door-to-door papers from the newspaper publishers would result in synergy stemming from better focused steering. Earlier the door-to-door papers more or less protected the advertising market for the newspaper, while their editorial staff was not given a free hand. Competition between newspapers and door-to-door papers was fiction. For the quality of the door-to-door papers this was not beneficial, these papers were condemned to the role of local dummy, the 'simpleton' of the newspaper family. Post deweaving, the door-to-door papers evolved into a serious medium, which is rejoiced in by a greater interest of readers. Synergy is achieved by developing the process towards improving quality content, with the objective to carry the advertisement content further.

Door-to-door papers have a different dynamic than the daily newspapers. The former are under more threat from on-line advertising portals as these have but one source of income, namely advertisements.

Though not within the door-to-door papers, but in a separate Wegener entity, on-line activities are developed to counteract the threat of substitution by a third party. The on-line activities, JobTrack, AutoTrack and Funda.NL have become strong portal brands and are part of the Wegener organization through the e-Media entity (Figure 4).

Deweaving allows for specifically developing the medium door-to-door papers and for building a strong market position by a focused addressing of local companies. Revenue is estimated to improve as earlier rebates on joint advertising will no longer be for the account of the door-to-door papers. Every media type has its own profit and loss responsibilities, which for the door-to-door entities results in a correction of the revenue/cost equation and a visible higher average revenue per page.

The strategic task objective in these cases is domain strengthening. Complementarity and overlap in door-to-door titles are a consideration, as are focus, consolidation and development of the medium.

B. INTEGRATION APPROACH

Upon being broken up from the newspaper companies, the weekly free papers were clustered geographically in a door-to-door East, West and South. Though the clustering could, upon deweaving from the daily newspaper companies, be labeled absorption, the characteristics are that of a preservation and within each cluster the titles operate on a symbiosis basis, sharing offices such as accounting and human resources. However, respondents do not experience this

as a loss of autonomy for earlier they shared these offices with the newspaper company. Surplus due to their size, the titles do not expect to be stand alone.

The three newly created door-to-door paper companies complement each other geographically. Upon deweaving, autonomy was created and preserved references headquarters, newspaper companies, and the other two door-to-door paper companies. Each company is a separate legal entity and has its own revenue responsibility. Though responsible for results, there is a high degree of freedom. Respondents do not consider it written in concrete that there will be no further integration of the three companies. The present integration was either evaluated as preservation (three times) or as symbiosis (six times).

C. INTEGRATION PROCESS

With the print facilities dewoven from the newspaper companies, contact with their former partner is minimal, and with companies other than WGG or ITC/K non-existing.

In the first phase of the deweaving process, the titles to be merged in the cluster were contacted with an invitation to discuss the future. This line of action was generally and genuinely appreciated and reduced uncertainty amongst the staff. The deweaving process was well communicated within the door-to-door paper companies. People knew what to expect, though not all have ended up in suitable slots.

Cooperation does not really extend to the two other clusters. The door-to-door companies employ the same type of people, make the same type of product and up to a certain level think the same, but how the processes actually work are different.

Wegener wide there is the aim to go to common systems on soft- and hardware. This does not always have positive operational consequences, for instance the Enterprise system was expected to support all door-to-door newspaper formats, which it clearly does not. At times a better system had to be given up.

Reference distribution of the papers, there is perceived to be a conflict of interest as Interlanden Sprei Group (ISG), the Wegener company responsible for distribution, also distributes the competitors' papers. It is felt in the field that strategically this might not be such a good thing.

"Distribution should be considered a competitive advantage of the Wegener group. Distribution is a universal difficulty and why because of cost efficiency facilitate operations of competitors?"

It is generally perceived that there is freedom to operate and to adapt to any market threat or opportunity. The organizational chart is designed and filled in locally. Decisions on employee salaries and benefits are the prerogative of the company other than that collective labor agreements (CAO) have to be honored. Internally cooperation is not always smooth for

"In periods of uncertainty everybody is looking out for number one and this results in a lack of flexibility. 'That is how it is', rather than 'let's look into the problem'."

At none of the companies, absenteeism is an issue. In those instances where it has been problematic, most 'days-away-from-work' occurred during the deweaving process. The remainder stems from newspapers trying to keep the best people, passing those with health or other problems on to the door-to-door papers, and employees not being happy with their present job. With one of the companies, this resulted in absenteeism, which from a level of 4 to 4.5 crept up to 7 and 8 percent. This is to be dealt with. However, it is felt that the circumstances causing employees staying away from work - to recharge their batteries - need to be addressed. The integration process itself has not always been running smoothly, in employee's new office PC would not start or over extended periods of time would act up, this added to time pressure and other frustrations. This makes some people take 'time out.'

D. VALUE CREATING PROCESSES

Feeling part of a company and working with the same colleagues over a period of years makes parting emotional. Deweaving did affect employees deeply. Though newspapers and door-to-door papers are now more equal partners, they are not longer the same company and this has side effects.

"Also divorces can start friendly and end up with former partners fighting over the same bone. Sales people want to show a good record in their new organization, if need be at the cost of the former organization. Another process which affects people emotionally."

Being independent from the newspapers allows the door-to-door papers to set their own standards. They cooperate with the other two door-to-door companies

on setting tariffs, with other Wegener companies such as ISG on distribution, and with non-Wegener suppliers of services and goods. It is felt that the corporate induced 'bound relationship' between client and supplier does not always create synergy.

A frequently surfacing observation regards internal forced procurement. Pricing is widely perceived as unfair and the implications thereof are not believed to percolate through to those in charge at corporate headquarters is. Respondents illustrated examples with facts, the names of the companies involved have been withheld. Following a number of examples.

When acquiring a local title, upon opening the books it appeared that the paper, which until that moment was the competition, was distributed for 60 percent of the inter-company price. The business rationale from ISG's position was understood, but it remains a fact that these practices erode inter company synergy potential.

Another example is printing. The net cost price of a tin of paint is approximately 13 Euro while 273 Euro is charged. Here too, the principles of cost calculations were understood. However, the end result is that these practices are at the cost of color in the paper. This soon becomes a negative spiral, as ever-higher prices will need to be charged, for the next order has to absorb the cost of idle utility. When they asked for a rationale - seen the end result of newspapers not promoting color print - a detailed price list was requested. More than one person interviewed was told 'take it or leave it'.

There is a dilemma, between the results of the respective businesses and the Wegener corporate results. Respondents observe that at present the Wegener corporation is not organized towards synergy. Wegener companies from which the door-to-door papers have to buy services have become profit centers resulting in the perception - and in some of the cases proof - that external clients get better price quotes.

There is synergy potential and there is the intention, but in practice each entity is concerned with its own financial results. At all door-to-door companies, the willingness to cooperate is present and at all levels personnel is aware of the synergy potential, regardless cooperation is mainly within company. This because, subsurface or out in the open, people are aware that the three door-to-door paper companies are constantly compared and that further integration is a viable option. Strategic independence between the door- to-door papers is not considered a critical factor. The company with the best business result or the best margin might well be the one absorbing the two others. This does not really create a climate for exchange of knowledge, best practices, and lessons learned.

Sharing knowledge and the like seems logical but that depends on your point of view. A manager remarked that whether 80 titles are clustered or 300 titles, this does not threaten the titles being embedded locally. Cost savings on overhead would be significant though the cost of management and harmonization would be high. National marketing and sales for the titles would be accountable to one

management and synergies on procurement of copy etc. would be automatic. There is more than the suspicion that clustering on a national level is Wegener's next step. On the other hand, there was the realization that further integration would become a self-fulfilling process should there be the notion, at corporate level, that synergies will not 'automatically' come about. The willingness to turn the potential for synergy to occur into reality needs to be present throughout the clusters,

"... not hampered by in-fighting, hidden agenda's, and deliberate stalling."

"Synergy is a process. In cooperating processes it is not beneficial if the meeting agenda is amended at the very last minute and/or people attending have no authority whatsoever to decide."

Synergy requires opportunity and cooperation to occur at the same time. Following an example to illustrate this. Editorial copy is bought on cars, which the door-to-door paper companies purchase from four sources. It would be cheaper to buy from one, but as the present contracts do not end at the same time. The situation lingers without remedial action being taken. The cost amounting at present to 136,000 Euro per annum could be reduced by one third.

"Give the managers 25 percent of the synergy to invest as they see fit and there will be an avalanche of synergy."

The same applies to buying fashion copy, the three entities all buy from the same supplier. There has to be concerted action, it should be possible for one party to buy with the right of use within the Wegener organization.

While there is a shift in the door-to-door papers towards higher appreciation for local content and quality editorial, the clustering of the smaller titles making areas covered larger, thus offering opportunities to competitors.

Respondents do not define synergy as "more for less" and 'Quick Wins", they consider synergy to be a type of value creation that based on joining forces results in more revenue.

"Synergy has many dimensions and 'more for less' is not always stimulating. It is more positive to emphasize revenue growth."

"Value can be created by synergy in the company by offering customers what they expect, like for instance on-line advertisement delivery."

A positive outcome of the new situation is the renewed investment in employees. In the past cost were saved on educational courses, at present money is allocated to employee education.

"Otherwise an organizations stops growing, it falls asleep and it becomes more and more difficult to keep young and eager employees."

A respondent felt that it would be beneficial if employees got more self-conscious. Employees in the field need their own responsibility. At another site it is felt that those employees whose former roots were with the newspaper company have to be dragged into greater professionalism, this will be done in a subtle manner based on the awareness that

"Top down management causes a nine-to-five mentality."

E. CULTURE ISSUES

Within the dewoven companies, there is a lot of teamwork between employees coming from either Wegener or VNU.

"Culture is a process of adaptation not of resistance. It is not unlike the first year of marriage."

The earlier acquisitions, deweaving and merging of companies have resulted in different cultures within one company. At one site there is a culture of

"Keeping one's nose to the grindstone, work hard and stay late if necessary, while there are also employees enjoying a more gentlemanly role. To the latter status is quite important."

Respondents illustrated where difficulties were arising in an earlier post-acquisition integration stage. At that time, it took a good deal of time before the companies got culture differences sorted out. Apart from a different sense of humor, the attitude on the work floor was completely different. From

"Who cares, and why should you", to "let's roll up our sleeves, this is our daily bread too."

At management level, teething problems constituted walking into brick walls, doors slamming shut, being sent all over, while enthusiasm for cooperation was illustrated by being asked to "call back in three weeks." However, perseverance killed the game, cultures have changed. The main lesson learned was to reply to e-mails without taking a breath when all of a sudden and without consultation a change in direction was announced. A respondent considered that in post-acquisition integration an organization had to prepare itself to become a fast reaction force.

In general, it is felt that a new culture will come into being. A positive attitude is necessary for one and one to be more than two. The critical factors are estimated to be

"A willingness to learn, to keep your own hobby horses in the stable and to do things together. Organizations can learn from each other but the communication lines have to be kept open and there has to be room for mistakes."

"Negative feelings are unfounded and based on 'they are the competitor, how could they be any good'? However, Wegener is a good corporation and the acquisition was well thought through. Wegener and VNU employees alike look in the bathroom mirror and think 'let's make the best of it'."

F. PERCEIVED ORGANIZATIONAL AND PERSONAL UNCERTAINTY

There are differences regarding perceived uncertainty amongst the door-to-door companies. While at one site nearly everything was changing, another was further into the process of operating independently from a newspaper. As mentioned earlier (4.2.4.) the acquisition of VNU newspaper met with Regulator objections. The NMa court cases do constitute an unexpected time delay in post-acquisition integration processes and for those titles affected by monopoly considerations, employees do not know what the future holds. In one area, organizational uncertainty mainly stems from the NMa forcing Wegener to sell some of its titles. Amongst these, there are titles, which can be sold, while others are not viable and no buyer can be found. This contributes to perceived personal uncertainty at the latter titles. At present, these titles virtually have no chance of surviving outside of the Wegener fold. The NMa turbulence also causes employees to seek employment elsewhere and those remaining with the

company work under pressure of not knowing what the future will bring. Under such circumstances, it is difficult to keep employees motivated and clients interested in advertising. The latter causes revenue to go down, putting the future of these titles in more jeopardy.

Respondents observed that the integration process is an on-going process. Therefore, the threat to the autonomy of the door-to-door companies is considered to be very realistic, as is the perception that one of the three companies will come out as the conqueror and absorb the other two. The threat of absorption causes high organizational and high personal uncertainty simultaneously. Where it concerns organizational uncertainty, forced procurement is a major issue. It affects respondents' own organization and their relationship towards corporate headquarters.

The internal mode of billing through (IVS) is perceived to be neither flexible nor transparent. Internal procurement does influence the revenue of the door-to-door papers. For instance, no value is created when perceived unfair treatment results in less than optimal use of presses. Another illustration given is that at the time of the acquisition VNU titles were in price negotiations over the cost of printing. In establishing that prices were not competitive and a lower price negotiable, post-acquisition this was no longer open for discussion. The reason is guessed at, it could be due to the most expensive press being taken as the norm press. Respondents are convinced outsiders can negotiate lower prices than insiders for both printing and distribution.

There are also perceptions of unfair competition between Wegener customers, making for organizational uncertainty too. It is not clear how 'unfairness' can be remedied. For instance, one of the print facilities has security throughout the night and these costs are shared amongst the clients of that print facility. In the field, it is perceived that discrepancies like this do not worry corporate headquarters. At corporate level, it is a cost incurred and a cost paid for. The same applies to office buildings, in the weaving process expensive buildings were inherited from the daily newspaper companies. These have to be occupied at least till the end of the lease contract without this having any added value. This does not make for a level playing field. When in the future door-to-door companies' results will be compared, this will color results. There would however be no value lost by moving to less central and/or posh premises.

In the symbiosis cases perceived personal uncertainty pertains to how the salary differences will converge in the future and to specific parts of the companies such as the NMa affected titles and pre-press division. However, in the latter division the changes due to the combination of the titles and technological developments do not affect job security but do affect employees' present job location and post-acquisition career ambitions.

In the media and subsequently in people's mind, initially organizational changes signify mass redundancies. The fact that throughout Wegener is perceived to be a decent company, and that employees not once have been made redundant due to post-acquisition integration tempers perceived personal uncertainty.

The Wegener corporation succeeded in steering clear from forced redundancy by employing less or no temporary staff and in reducing the number of out-sourced tasks. Furthermore, Wegener assists in relocating surplus employees to other companies within the corporation.

4.6 THE SYMBIOSIS CASES

4.6.1. Discussion Dewoven Symbiosis Companies

The separation of Information Technology and Communication/Newspapers (ITC/K) and Wegener Graphic Group (WGG) by means of deweaving these divisions from the value chain of the newspaper companies, is driven by a strategy of focus and one of cost efficiencies. The deweaving commenced shortly after the acquisition of VNU Newspapers had been completed, it is however an on-going process. In the case of WGG, upon installation of new presses, there will be a further consolidation through reducing/optimizing the number of print facilities.

A. STRATEGIC TASK OBJECTIVES

The strategic task objective is mainly domain strengthening (Haspeslagh & Jemison 1991) by uninterrupted operation of the newspaper companies and the print facilities, combining previously fragmented expertise and experience. Domain extension (Haspeslagh & Jemison 1991) is also an aim. In the latter

case, synergy will be appropriated from optimizing the use of capacity and selling the surplus on the market.

In the case of ITC/K, synergy is expected in the introduction and management of common systems, central procurement of hardware and software, coordinate the hire of external experts, share knowledge and skills. The company operates in a tight personnel market and expected market salaries and career prospects differ substantially from those in the newspaper industry. Scarce resources, such as IT professionals are not only problematic in an organizational sense. A corporation such as Wegener, where these professionals are spread over the newspaper companies is at a disadvantage attracting this type of professionals. These professionals can pick and choose employers and do so based on prestige of the projects, salary, and presence of a peer group to exchange networks and knowledge with.

A more skeptical member of staff remarked that it seemed as if IT professionals changed employers with the next career move in mind. Whether this is a 100% accurate reflection of reality or not is immaterial, what is to be taken into account is the predicament that scarce human resources present in a multitude of aspects. Apart from the earlier rationale for forming the ITC/K entity, it is an added benefit that ITC professionals considered being employed by an IT company more prestigious career-wise than working for an IT division in a newspaper company.

The deweaving of the printing facilities and the subsequent combination of these operational units in WGG is estimated to bring down the two major expenditures of these companies, namely the cost of paper and ink. For WGG the synergy goals are mainly cost efficiencies but also uninterrupted production of newspapers, optimizing capacity use, share know-how and skills, sharing of investment cost for necessary modernization or new print presses, and concerted marketing of idle capacity towards external clients.

B. INTEGRATION APPROACH

In this post-acquisition integration process too, the situation is a complex one. The divisions are deconstructed from the newspaper companies' value chain, followed by the absorption of these divisions in an independent legal entity. Both WGG and ITC/K have high autonomy but at the same time they are highly interdependent with the newspaper companies, the door-to-door papers and ITC/K with WGG.

Four out of the six persons interviewed experience an absorptive integration approach, the two others perceive it to be a symbiosis. The divergence is explained by the evolutionary process through which these entities were formed. Respondents agree that they have the freedom to operate the business unit within budgetary plans and to adapt to any market threat or opportunity. They also agree that the organizational chart is designed and filled in by the company, and that decisions on employee salaries and benefits are the

prerogative of the business unit. However, post-acquisition salaries and benefits remain determined by the pre-acquisition company of origin.

C. INTEGRATION PROCESS

At the time of the acquisition, old VNU moved towards a more centralized management, while Wegener was in the middle of a process of decentralization. The trend towards centralization that was started pre-acquisition at VNU was adopted. The post-acquisition integration process so far is experienced to be shock-wise, but without a conflict of goals. The establishment of milestones has been a good thing setting common goals, realizing synergy, not duplicating actions unnecessarily, and setting up communication lines.

Respondents remarked that at ITC/K integration was facilitated by the presence of a dedicated management team. For instance, a lesson learned from an earlier integration process was applied with positive results. To reduce uncertainty and facilitate the post-acquisition integration process any question an employee was struggling with could be posed and was answered in writing within a maximum of two weeks. Top management support was unconditional though at times clear goal setting was missing. More than one respondent thought support on methodological issues (operational procedures) was rather chaotic compared to earlier acquisition experiences.

Exchange of best practices in general is easier said than done,

"Synergy costs energy".

Long procedures make for a difficult process, just as a more hierarchical organization makes for longer decision processes and slower solving of solutions. The latter is causing unexpected delays. There are many manpower issues, VNU for instance had a guaranteed bonus system at which Wegener people look with envy. Neither absenteeism nor involuntary turnover is an issue at WGG, for ITC/K the situation on both scores is different.

The number of ITC people leaving the organization had not been foreseen, and absenteeism in one of the two divisions is high. Daily work and the implementation process suffer, people cannot go full steam on both, resulting in plans remaining on the shelf.

Co-worker support is not an issue, but not following through on plans (due to time constraints) is detrimental for the atmosphere. At times work overload prevents sharing knowledge, it also leads to problem solving/fire fighting instead of anticipating problems and designing pre-emptive action.

D. VALUE CREATING PROCESSES

The corporation's social chapter, guaranteeing against forced redundancies, is considered to hamper integration processes and affects value creation because the end result is a mismatch in personnel and personnel requirements. The frugal period anticipated - due to the acquisition being expensive and the investment having to be recaptured in an uncertain economical climate - negatively affects integration. Respondents find that the emphasis in the post-acquisition integration process moves from synergy to cutting cost.

At WGG the integration process is experienced to be top down

"That is where we go, and it is up to you to determine how to get there."

At corporate headquarters, executives are thought to be aware of the need to change the culture from 'each for itself to collective action' among the print facilities. It has to be crystal clear that there is a free reign but that organizational goals have to be met.

"For a dog on a leach it does not matter how long the leach is, when it runs too far the leach closes around its throat."

For those responsible it is difficult to reorient on strategic task objectives and economical aspects, there needs to be a balance between those and critical operational factors such as logistics and service.

The newspaper companies are bound customers of both ITC/K and WGG. Another characteristic is that ITC/K and WGG are allowed to work for third parties. WGG did and does, ITC/K first will have to find its feet. WGG does not have to worry about a period of grace, within the Netherlands there is no capacity for printing on the scale required by the Wegener organization. The threshold for new entrants is high and seen the logistics involved taking business abroad is not an option for daily newspapers.

The capabilities that could be destroyed are not related to the post-acquisition integration process but to a changing environment. Proceeding information technology in the printing process is felt to constitute a loss of skills, creating a dependency on factors outside the control of the newspaper companies. In

general, the on-going specialization is estimated to be at the cost of a 'helicopter' view.

In the case of centralized procurement of paper and ink, it is felt that price considerations weigh more heavy than quality. However, when production problems due to fluctuating quality are encountered, solutions are shared amongst the print facilities. Cutting cost on raw material is not always experienced as being cost efficient.

ITC/K has to use the period of grace (3 years), to establish a working relationship with the newspaper companies and WGG, based on service and cost effectiveness. Cost can be saved and efficiency enhanced by implementation and subsequent standardized maintenance of common systems. Another important factor is centralized procurement of soft-and hardware. Value is estimated to be created based on sharing of facilities, personnel, overhead and knowledge. Adding to cost however are voluntary resignations especially as ITC/K has a problem to attract and retain employees.

E. CULTURE ISSUES

Culture differences are experienced because different business units operate in different ways, it concerns modes of operations. On a personal base, employees get on well regardless of differences in remuneration. Salary is determined by VNU or Wegener being the original employer rather than by job description, merit or tenure. Post-acquisition integration success is determined

by the consideration whether the changes are positive for the organization and those concerned rather than by culture differences.

Respect for each other is important, at ITC/K it is felt that in implementing systems, the redactions of newspapers operate as single agents and do not want to take economic considerations into account.

A respondent remarked that a valuable lesson learned from various integration processes is that problems have to be looked into the face. Post-acquisition, work processes are different and people feel like strangers in their own environment. Respondents find it striking that adhering to your own culture is seen as conservative, however it is felt that when respect is shown for people's background, it is easier to adapt.

"If the way in which you were used to operate is not recognized you feel excluded, debarred. One needs to feel accepted to be able to change. If you feel okay, you go for it."

Prevalent is the consideration "How good is the change for me?" In an earlier post-acquisition integration process, the acquired company brought with it a number of experts on an issue Wegener did not know much about. This caused hostility. It was solved when named and dealt with satisfactorily. When the fairness of the process had been made explicit, actions and/or changes were accepted.

"Do unto others as you wish to be done by yourself."

Quite a number of the people who brought scarce expertise to the integrated company now have a senior position in the company they were absorbed by.

"In a way you are lucky if the situation explodes, the sooner the better. Culture is like a Persian carpet it has imperfections, but there is nothing better."

At the acquired company, money was not an issue, they were part of an organization with large margins stemming from their academic publications. Furthermore, they operated in a socialist environment and were used to people speaking up. As the acquired company was located in an industrial area, employees could easily find alternative employment.

At Wegener cents are counted and the organization is perceived to be very hierarchical.

"The salary differences between the acquisition partners smolders like a moor fire, nothing is said, no action is taken but it could and does flare up. By not bringing it out in the open, no solution is found."

Culture differences manifest themselves in very simple ways. In one company, there is attention for birthdays, flowers, well wishing and shaking hands, versus a business-like good morning and starting to work. Social attention for each other versus keeping one's nose to the grindstone.

Organizations do not spend the same amount of time on meetings, some grab problems by their tail, while others opt for consensus.

"People hide behind one another and refer to procedures. Redactions are not so much a different culture as a different world within any newspaper company. On paper, we are a company with processes of subscription and advertising. Newspaper redactions do as they please, they do not feel obliged to adapt to economic trends. Members of the redaction are different from that of the rest of the organization. They defend their inheritance but one could wonder whether it is personal well being, personal gain or press freedom?"

"Wegener is a political organization, it is very open but there are many different agenda's in the organization. Many walk the road sign-posted 'personal interest'."

F. PERCEIVED ORGANIZATIONAL AND PERSONAL UNCERTAINTY

Symbiosis is characterized by low perceived personal uncertainty and high perceived organizational uncertainty. The organizational uncertainty stemming from the economic downtrend faced is not caused by the chosen integration approach, but does however have an effect on employees. Both companies are also encountering perceived organizational uncertainty, which is a resultant from on-going organizational restructuring.

At WGG there is perceived organizational uncertainty stemming from the organization becoming a profit center. This is causing bureaucracy and lack of flexibility. The latter are affecting third party orders, earlier people on the workfloor had their own responsibility and acted upon it. An order of 30.000 Euro would be fitted in, in fragments if need be.

In the present situation, with WGG as a profit center, flexibility should be even more important. In the newspaper business, third party orders require flexibility. Responsibility comprising the process from order taking to product planning did end up higher in the organization. Furthermore, there is organizational unease originating in ex-VNU employees working shoulder to shoulder with Wegener employees, with the employees of the acquired organization earning substantially more.

For the next three years, the newspaper companies and WGG will have to procure ITC/K internally. During this period of grace, levels of service and cost should be managed such that they become the newspaper companies preferred supplier. At ITC/K there is some doubt whether the company will survive as a separate entity. Apart from customer dissatisfaction, once ITC/K moves to common systems the impact of calamities is kept within bounds by the design of infrastructure. However, there is the question whether ITC/K, in the longer term, will contribute enough to the Wegener corporation. If not there is the chance that ITC/K will be divested.

Outside of the span of control of ITC/K, perceived organizational uncertainty is caused by the unstructured demands for assistance. It is not perceived that the newspaper companies have a planning, and for ITC/K it is too expensive and/or impossible to man the company such as to adequately deal with unstructured and unexpected requests for assistance.

In summary ITC/K perceived organizational uncertainty regards the resources to get the job done and recognition for the operational and strategic value it provides.

Perceived personal uncertainty is less about job security than about quality of life. Integrating divisions and business units involves a change of location and subsequently more travel time.

"Perceived personal uncertainty concerns: what will happen to me?"

4.7. COMPARATIVE ANALYSIS BETWEEN INTEGRATION APPROACHES

"In developing a grounded theory we are trying to capture as much of the complexity and movement in the real world that is possible, while knowing we are never able to grasp all of it." (Strauss & Corbin 1990, page 111)

The integration approaches and subsequent value creating processes being explained by respondents from management, middle management and non-management levels provided valuable insights. The comparative analysis of integration approaches examines the factors explored in the field study that are considered to be part of the process towards strategy realization. This subchapter aims at generating theory explaining why and how culture differences and other factors encountered impact the process towards strategy realization, cumulating in a hypothesis for testing.

The field study based on structured interviews, starts with general categories. These general categories were coded (Strauss & Corbin 1990) at the level of the questions respondents were subjected to. Though the general categories captured the major part of the data gathered, regrouping questions discovered patterns of relationships, which were not distinctly present before commencing open coding.

The analysis below has been evaluated and discussed with managers (Argyris, 1960) of the Wegener organization (May to August 2002) and with the Board of Directors (August 2002).

4.7.1. The Comparative Analysis

The acquisition of the VNU newspaper group was definitely one between equals. Both companies are healthy, operate in the same market, of approximately equal size, and both have extensive acquisition experience. The newspaper companies operate in same type of market, within a same competitive context.

Acquisition partners' synergy potential pertains to domain strengthening, domain extension, and some domain exploration (Haspeslagh & Jemison 1991).

Both companies are part of the same product market group (Chatterjee et al. 1992, Lubatkin 1987, Shelton 1988, Singh & Montgomery 1987). Within the newspaper companies, there is product relatedness, product function relatedness and technological relatedness, the latter not to the extent that all companies have the same type of printing presses and software programs. There is customer group relatedness and in broad lines like organizational structures, namely a redaction with editorial independence, a subscription, an advertisement department, print facilities, and a distribution responsibility. Though not identical, the companies are similar, for all intent and purposes the acquisition of VNU Newspapers is labeled related.

Though the companies are **related**, there are however local differences, which are hard to attribute and do not necessarily meet the eye. Subsequently, the acquisition of VNU Newspapers not only represented a full range of synergy goals, namely combination benefits, functional skill transfer, general management skill transfer and operational resource sharing, at the same time it required caution concerning the preservation of strategic capabilities (value drivers) in both the acquired and acquiring company (Haspeslagh & Jemison 1991).

Other than safeguarding value drivers, in integrating the two organizations, the types of synergies sought and interrelationships required to achieve these were important factors. This to the extent that in the determination of integration approach companies went through a process of **deweaving**.

Business units were taken out of companies' value chain and companies were broken up in order to regroup dewoven parts based on strategic and organizational task objectives.

Dewoven preservation companies

At the door-to-door paper companies, the deweaving enhances the chances to realize a sustainable position in the door-to-door paper market building on competitive advantages such as historic strengths in the local market, geographical area covered, being a sizeable and respected partner, and improving margin by synergies based on sharing of best practices. The deweaving offers the door-to-door titles (about 200 titles, and circulation of 7.2

million copies) the opportunity to exploit their new position in the market and this regarding media offices, the reading public and local advertising clients. Consolidation within the cluster enables the companies to address fierce competition in overlap areas, which earlier seriously impaired performance. The deweaving exercise inherently offers the opportunity for the 'underdog to go to the dog show', exploiting capabilities present in door-to-door titles but which earlier within the daily newspaper configuration were not considered appropriate to deploy.

Dewoven Symbiosis Companies

In the case of WGG and ITC/K achievement of synergy, the realization of strategy rested on both the ability to focus and economies of scope and scale.

At WGG, the combination benefits comprised focus, optimization of capacity use, central procurement, spreading of capital investments, functional skill transfer sharing specialized know-how, sharing a sale office geared towards the external market. Making WGG a profit center is believed to be an incentive to secure third party contracts filling capacity at non-peak hours.

At ITC/K potential synergy stems from attracting, retaining and sharing scarce human resources, functional skill transfer, combined procurement of hardware and software, management of uniform office automation systems, and the coordination of external experts. Once the Wegener organization has evolved towards common systems, operations will be more stable, less prone to calamities and it is expected there will be slack which can be marketed outside of the Wegener corporation.

In both ITC/K and WGG the economies of scale and scope, possible through deweaving the divisions from the newspaper companies, constitute the additional benefit of domain extension gearing surplus capacity to the market.

In other than the completed absorption case, **the intended and implemented integration approach and the integration approach, as respondents perceived it, did not run parallel.**

The absorption cases show the least divergence between actual and perceived integration approach, which is logical. When resources are shared, when newspaper redactions are located in the same premises, when only one title survives, there are no two ways about experiencing an absorption. Where present in the other integration approaches, the divergence did run in the same direction. Companies felt more interdependent and less autonomous due to corporate wide efficiency processes, lack of consultation process and/or perceptions of further integration.

The fear of further integration made for a situation where respondents were unaware of the intended level of integration, the ultimate choice reference the level of autonomy granted and interdependence required was not clear. This predicament also played to some extent in the preservation cases where entrepreneurship was advocated for the daily newspaper companies while at the same time further interdependence and conformity was required to make full use of the synergy potential.

Especially, post deweaving the paper companies not only have less to manage, they have become dependent on newly formed organizations formerly under their own span of control, which does affect perceptions of interdependence. The newspaper companies consider that they have lost control over price and quality. This results in perceptions of organizational uncertainty as respondents' organizations become dependent on the goodwill of the dewoven companies.

Economies of scale imply that corporate-wide companies are affected by corporate induced preferred supplier relationships. This reference office material, lease cars, mobile phone contracts and some editorial copy of a general nature. Indirect consequences of post-acquisition integration, which are affecting perceptions of autonomy at all newspapers, are the labor intensive and short notice requests for information. These made people feel like puppets on a string rather than autonomous entrepreneurs.

An added ingredient is trepidation about validity of gathered data and consequences of implementing best practices (IPW-2) should local management not be able to or be allowed to protect local value drivers. It is felt that the loss of present value drivers would be the final blow for regional newspapers. The differences between the newspapers are historic and have an intrinsic value.

In the preservation cases, it is the perceived loss of autonomy and threat to identity stemming from the factors described above, which affect perceptions of the integration approach. This is not ascribed directly to the integration process of the Wegener organization and VNU. It is IPW-2, the deweaving processes,

and forced procurement that yield perceptions of high interdependence with, and low autonomy reference corporate headquarters.

The divergence between the implemented and perceived integration approach in the dewoven preservation companies is also partly explained by the deweaving phenomenon. In the Wegener case deweaving is a hybrid process in which there is a succession of integration approaches experienced by the employees before the final state is reached.

The newly formed WGG and ITC/K when dewoven from the newspaper value chain, went through an absorptive integration process themselves before continuing their operations in a symbiotic relationship. WGG and ITC/K act autonomously from the newspaper companies but in an interdependent role. This is however not perceived as such by the companies buying WGG and ITC/K services.

Deweaving also affected the companies from which the business units were taken. It reduced the scope of these companies and subsequently impacted both autonomy (power) and interdependence (control).

Though independent entities, WGG and ITC/K are entities, which are part of a corporation and answerable to a corporate board of directors. They are not part of a conglomerate.

"A dog lead can be 5 or 20 meter long, but if the dog runs too far it closes around its throat."

Reference continuance, the number of key employees voluntarily leaving the organization (Datta and Grant 1990, Finkelstein 1997, Larsson 1990) upon the

acquisition was much higher in the absorption and deweaving cases than in the preservation cases.

Reference absenteeism, the percentages mentioned did differ within the reporting organization. Remarkable was that at those sites where respondents considered the issue problematic, this view was not shared by respondents that supposedly had access to accurate company figures (personnel department). Senior managers expect that within the divisions absenteeism is experienced as more seriously, as it affects operations. Within the personnel division absenteeism is part of a process of registration but not directly felt in operations. Also, an overall 5 percent absenteeism might not be spread evenly over divisions.

Subsequently, in absorption and deweaving cases absenteeism and voluntary turnover were more of an issue than in the preservation cases. Perceptions of personal uncertainty were dealt with by taking one's own future in one's own hands.

"Good people have no difficulty in finding another job."

This is in line with literature and reflected in the publications of Datta and Grant (1990), Finkelstein (1997) and Larsson (1990)

Comparing the integration approaches, the culture differences between the acquisition partners were constant, Wegener on the one side and VNU newspaper companies on the other. However, the strategic and organizational task objectives lead to different post-acquisition approaches implemented and

subsequently differed the degree to which cultures actually came into contact with each other.

It is self-evident that in the completed absorption case and in the dewoven entities, employees at all levels were in direct contact with employees of the acquisition partner. In the presentation cases - at the time of the field study - this was limited to the link with corporate headquarters.

Apart from the preservation cases, the other entities have direct experiences of daily operations and cultures being integrated. Other than literature illustrates (Nahavandi & Malekzadeh 1988, Very, Lubatkin & Calori 1996), respondents' views on organizational culture are very down to earth. In the field study, regardless of post-acquisition integration approach culture does not have any 'black box' quality.

"Culture is a process of adaptation not of resistance. It is not unlike the first year of marriage."

"Culture differences 'there being other ways to do the same thing' become apparent at time of changes."

The last quote would point to employees in both companies to view organizational culture as it was defined by Schein (1984:3): "the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and

therefore, be taught to new members as the correct way to perceive, think and feel in relation to those problems."

Most employees have been going through processes where they were either acquiring or being acquired more than once. This could explain the extreme matter-of-fact attitude towards culture differences. It is generally felt in the companies that in an integration process all parties to some extent adapt to a different way things are done and/or valued. In the post-acquisition integration approaches, other than the preservation cases, different cultures were being combined. However, obstructions in the integration process were not the resultant of different cultures being mixed. In none of the integration approaches culture was found to be problematic in a direct sense. This diverges from literature (Bloor & Dawson 1994, Buono & Bowditch 1985, Davenport 1998, Dunning 1997, Nahavandi & Malekzadeh 1988, Sales & Mirvis 1984, Shrivastava 1986, Very, Lubatkin & Calori 1996, Weber et al. 1996)

When "De Gelderlander" knew it was going to be annexed, initially it resisted any such move and fought for every inch. This settled in a relatively short period, namely once it became clear that the newspaper would be stronger for the merger with the "WUGO" titles, that post-acquisition integration would be a fair process, that management teams respected each other, and cooperated. This is in line with literature on psychological contracts, trust and fairness (Benkhoff 1997, Lau & Woodman 1995, Meyer & Allen 1991, Morrison & Robinson 1997, Robinson & Rousseau 1994, Schein 1985, Zeffane 1994).

Initially, the integration of the door-to-door papers too met with friction but this normalized in less than a year. Respondents observed that it took a while before trust, fairness and respect became characteristics of cooperation. In neither case were integration problems linked to the cultures being different. Integration problems concerned parties with different organizational loyalties, and fears of opportunistic behavior in general. This is in line with literature on uncertainty and on organizational politics (Begley 1998, Devine & Hirsh 1998, Heitner 1998, Nikandrou et al. 2000)

Both companies being Dutch, operating in the same industry, the part of the company Wegener bought from VNU being of approximately of the same size, and a known competitor, the lack of culture clashes in the post-acquisition integration process is not as obvious as it seems at first glance. The culture differences mentioned by parties are not so very different from the ones described in literature as obstructing post-acquisition integration processes (Shrivastava 1986, Weber et al. 1996).

Respondents were aware of the differences, whether they were in contact with the other party or not. However, the manner in which employees of both acquisition partners described their culture as it differed from that of the other partner was consistent. Culture was described in pragmatic terms. The description of differences was in self-reflection and people commented on the fact that culture differences were not so much a factor impeding the post-acquisition integration process as a situation requiring adapting to an

environment where different unwritten rules and behavior were in force. Though culture differences are a minor issue in the Wegener/VNU acquisition, as can be seen from the schematic summary below they are very much present, the differences are substantial.

Wegener	VNU Newspapers
cost oriented	revenue oriented
centralized	responsibility low in the organization, cooperative
manuals, comfortable with rules and regulations, rigid	dealing with uncertainty as a challenge, do not like bureaucracy
procedural, disciplined, up to length of articles	entrepreneurial, at times thrived on chaos
obey	think - dare - do - persist
hierarchic, top management is right, fall in line, top-down, one boss who knows what is best	more freedom, liberal, equality, consensus, coordinate, commitment, open relationships between hierarchic levels
submissive employees, do not speak up at meetings, different formal and informal behavior	free spirits, taking initiatives, "a man a man, a word a word"
managers not seen on the workfloor	personal interest in well-being employees
sit on the fence, political, hidden agenda's	open culture, knowledge easily shared
lack of communication	open communication, open doors
problem situations smoldering like a moor fire, subsurface and unexpectedly flaring up	problem situations out in the open
work hard - roll up your sleeves	meetings, committees, consensus

Table 13: Culture differences as mentioned by respondents

Seen the differences in culture the down to earth view of respondents reference culture was contrary to the paradigm that culture differences impede post-acquisition integration processes (Adler 1986, Barkema et al. 1996, Hofstede 1991, Nahavandi & Malekzadeh 1988, Sales & Mirvis 1984, Very, Lubatkin & Calori 1996, Weber et al. 1996).

However, whether or not different cultures came into contact with each other, nor the degree of contact, nor the degree of difference in culture between Wegener and VNU was considered by respondents to negatively influence post-acquisition integration and subsequently strategy realization.

Throughout the corporation, the pragmatic definitions of culture cannot but demystify the issue.

Culture is "how we do things around here".

"What one needs to do around here to get promoted."

"The biggest culture differences are in-house, between the editorial staff and the rest."

"Culture is Tolstoi, Bach, national dances."

On the question in the structured interview "Is there a need to preserve distinct cultures after the acquisition?" Without exception, respondents considered commitment to be the distinguishing factor of respectively the old Wegener and ex-VNU culture.

"Employee commitment is the distinguishable factor in our organizational culture."

"Culture as far as I am concerned 'nothing to hang on to' other than employee commitment, which has to be preserved."

Commitment surfaced as the most significant characteristic of culture in an organizational setting and once named was illustrated rather than that the term was defined other than 'walking the extra mile'. In research, literature the link

between commitment and culture is found in the work of Deal and Kennedy (1982), Peters and Waterman (1982) and Schein (1985).

A multitude of examples were given illustrating a commitment to the organization 'beyond the call of duty'. More than a modicum of employees show what was termed commitment. Visiting foreign newspaper printing facilities on holiday, cutting foreign newspapers to bits while camping analyzing content and lay out (up to the moment partners threaten with divorce - in good jest -),

Employees are proud to be employed by the organization. Be it that pride of association is with their newspaper title rather than with the Wegener corporation.

"The present entrepreneurial attitude throughout the organization as encountered in the newspaper companies and WGG are stemming from commitment to that company and pride of association with that particular company."

Commitment also showed in the following example. In trying to explain their trepidation, employees have the feeling that at corporate level they are seen as inflexible and uncooperative. While respondents and their colleagues in those instances consciously considered the drawbacks of such actions for their own career - employees throughout the hierarchy decided to take the risk and

"... speak up, rather than carry our newspaper to the grave."

This attitude runs from secretaries collecting objections and being spokeswomen in contacts with corporate headquarters to managers of the independent entities in their contacts with the corporate board of directors.

"The health of the company prevails over personal interest."

The above quote summarizes the section above, and like

"walking the extra mile"

would constitute workable definitions of organizational commitment.

Throughout the interviews, it became apparent that respondents regarded their culture to pertain to 'ownership of problem'. Respondents regard that what sets them aside from others, their commitment to the sustained profitability of the organization and their active contribution towards it, this both in- and outside of job descriptions. In the field study, culture pertained to values and attitudes. No reference was made to other aspects of culture such as rituals, beliefs and artifacts generally found in literature (Harris & Moran 1993, Hofstede 1980, 1991, Schneider & Barsoux 1997). Apparently, what is most noticed in post acquisition integration or what is considered as the most important factor of **culture in post-acquisition integration is behavior crystallized in values and attitudes to work.**

The different levels in hierarchy were color-coded. Blue for managers, green for middle management and red for non-managers. This color-coding needed to be communicated for the answers in the structured interview to be attributed to the right hierarchical level. This **non-distinguishability between hierarchic ranks** was unexpected. The universal strategic insight can possibly be explained by

most employees having gone through multiple M&A, by serving their whole working life in the media industry and therefore having a thorough understanding of the business and the environment it operates in, and/or by an omnipresent organizational commitment.

Respondents at all levels in the organization spoke freely and knowledgeably about their concerns. Respondents described their responsibilities, their contribution to organizational goals, and the impact of the (pending) changes on performance, making a distinction between short and long term results.

In any of the integration approaches, throughout the hierarchies it is felt that calling 'a spade a spade' - on subjects such as organizational goals (top down) and organizational criticism (bottom up) - would reduce mistrust and enable people grasping what is aimed for. It would also diffuse what is expected and subsequently at each level it would allow for plans to be drawn up to achieve the strategic task objectives with a minimum of negative side effects.

The field study illustrates that **employee resistance** on the one hand **and commitment** on the other to some extent depend on the angle from which it is viewed. This does not signify that employee resistance was non-occurring. It did occur at the absorption site where the process had been completed and at one of the dewoven preservation entities, but it was temporarily, freely talked about and frankly labeled as such.

Employee resistance (Larsson 1989, 1990) captured by opposition to change did not surface in any of the other integration approaches other than where it concerns organizational uncertainty reference the protection of value drivers.

Feeling one with the organization they are employed by, is a characteristic extending to each and every respondent in the sample. It makes for a situation where across divisions and the hierarchy people spend time together to analyze what is going on. Throughout, respondents refer to a fair amount of time being spent on sense making. More particular, they spend time on figuring out what the rationale behind decisions could be, how the organization is going to deal with the direct effects, with the after-effects, what actions need to be taken, how it will affect individual employees, how it will impact the future of the organization. Regardless of hierarchical level, there often is a mix of hierarchical levels gathering, for the division is "us" (independent entity) and "them" (corporate headquarters).

The sense making exercises range from dealing with the pragmatic to dissection of conspiracy theories.

Without exception, respondents reflect that everybody is involved in these clarification processes and that information however scant is subject of discussion at the exclusion of almost anything else. This until the time that - for the time being – **perceived uncertainty** is reduced to an acceptable level - until a time the organization knows which way forward.

"Uncertainty makes employees short tempered, they feel less comfortable in their position and one does not have to be an organizational economist to know that this is at the cost of commitment. Your own worries come first, then those of your colleagues and then the company goals. In the beginning, there were a lot of days away from work (absenteeism), people left and there was a lot of talk in the halls. This does have negative effects. Talking about what is happening constitutes of not working, and uncertainty can lead to irrational behavior - to opportunistic behavior."

Analyzing the coded factors, employee resistance - open warfare - did occur temporarily in the initial phase of the absorption cases, it is however conditional on employees not knowing what the future would bring and how it would affect them and their newspaper.

In the absorption case, resistance was limited to the initial phase of the post-acquisition integration process, it cleared away when employees realized that integration would be a fair process.

"Do I get a fair deal, is my past commitment to the company taken into account?"

Links between fairness and resistance are corroborated in studies examining psychological contracts (Morrison & Robinson 1997, Robinson & Rousseau 1994).

In one of the dewoven preservation door-to-door entities there was resistance to cooperation until the time the parties got into a working routine. During the integration process - on a continuous base - one of the parties gave in more than its fair share on decisions, refused to face defeat, kept talking, kept offering openings but remained on its toes and vigilant towards their own norms and values. Slowly a base for cooperation came into being.

In the field study, perceived organizational uncertainty mainly stems from an inability or feared inability to protect value drivers. It comprises in particular the IPW-2 results, salary differences affecting perceptions of fairness in general, forced procurement, NMa actions, deweaving and augmentation of the subscription prices.

In those instances, where WGG and ITC/K and other products/services are to be procured from selected vendors, quality and price considerations are not within the span the newspaper companies' control. Forced procurement does subsequently infringe on feelings of autonomy and interdependence. The paper companies have budget responsibility while their hands are tied on most direct cost. For operations to run smoothly, respondents felt the price setting should be transparent internally, a formal process by which the procurement division can be held accountable for the contracts negotiated and of which the complaints and outcomes should be shared Wegener wide and not remain fragmented and hidden from scrutiny. The quality of services and products has a direct impact on operations.

"Not knowing whether the corporation geared itself towards synergy or towards cost cutting creates organizational uncertainty."

The complaints are quite universal and are a source of organizational uncertainty and friction. Furthermore, this is perceived to unnecessarily affect the relationship with corporate headquarters and each other.

[Post field study, price setting on WGG and ITC/K has become more transparent, and where print capacity (WGG) is concerned it has been firmly established that daily newspapers are leading.]

For both the dewoven preservations and the dewoven symbioses, it is not clear whether the presently independent entities will be guarded from further integration processes. It is perceived that organizational uncertainty towards their end state rather than culture differences affect the potential for synergy to occur.

[Post field study, the three door-to-door entities were absorbed into one organization. The operational processes of the three companies were (kept) so different, it foreclosed comparison. Benchmarking remained impossible and it could not be precluded that the lack of cooperation was one of the contributing factors preventing the two entities operating at a loss to implement procedures and systems from the door-to-door company that was profitable. The newly formed entity under the management of the profitable Door-to-Door East, is divided into ten regions (business units), each with its own commercial director.]

Thus, **perceived organizational uncertainty** stems from changing levels of autonomy and interdependence comprises the future of the company, deweaving, the NMa, lack of knowing and/or understanding what the strategic task objectives are, the availability of resources to accomplish goals, legitimate concern for the protection of value drivers, the industrial and the economic environment the organization operates in.

Unlike aspects of organizational uncertainty, which are talked about at length without any departmental or hierarchic barriers, perceived personal uncertainty is dealt with at the level of the individual. Some respondents did not even bring up their fears in their family circle or amongst friends.

In the field study **perceived personal uncertainty** related to the post-acquisition approach implemented concerns job security, honoring psychological contracts, altered career expectations, job satisfaction, new colleagues, work practices and/or business systems, and opportunistic behavior of others.

In the field study, perceived uncertainty affects performance directly. It affects adaptive behavior, while sense-making exercises to reduce perceptions of uncertainty are universal throughout the corporation.

"You have to feel comfortable/safe, it enables you to perform better."

"If you stand in the hallway discussing what might happen to you, you obviously are not working."

"Uncertainty about the future results in employees applying for jobs with another business unit in the group. A side effect was that in order to keep the organization viable, the inter-company relocation process had to be slowed down, which resulted in employees seeking jobs outside the organization..."

"Internally cooperation is not always smooth for in periods of uncertainty everybody is looking out for number one and this results in a lack of flexibility. 'That is how it is, rather than let us have a look into the problem'."

The findings that uncertainty is an antecedent to organizational commitment and that it negatively impacts organizational change is corroborated in other researchers' work (Begley 1998, Devine and Hirsh 1998, Nikandrou et al. 2000). In research literature Begley (1998), Devine and Hirsh (1998), and Sommer et al. (1996) reported on the relation between uncertainty and commitment while the work of Benkhoff (1997) and Schein (1970) discussed the relationship between commitment and the realization of organizational goals.

Both high organizational uncertainty and high personal uncertainty reference integration approach was also experienced in those parts of the corporation under risk of divestment. However, in these instances the predicament did not stem from no clear choice being made by corporate headquarters, the lack of a decision was contingent on the outcome of NMa procedures. A regulator such as the NMa does have a significant effect on M&A, on synergy potential, post-acquisition integration processes and performance. The NMa court cases do constitute an unexpected time delay in post-acquisition integration processes and for those titles affected by the monopoly considerations, employees do not know what the future will bring. In this context, the subsequent perceived personal uncertainty affected continuance. Not only did employees seek other employment, it also resulted in increased absenteeism.

In the field study, **the non-similarity of value drivers** within a group of almost identical companies such as the newspaper companies was depicted in the

strategic photos comparing the newspaper companies. Throughout there is a legitimate concern for value drivers, a commitment to protect local strategic capabilities. In a study commissioned from a managerial angle, criticism of and trepidation of copying best practices presented in IPW-2 would probably be labeled resistance. Looking at the corporation as a collective of organizational stakeholders committed to the health of the organization, a more nuanced picture surfaces.

The daily newspaper companies comprising the study are quite similar in operations and on the revenue side. Differences in value drivers cannot be entirely explained by demographic variance, there is also historic, circumstantial and present creative input which cause differences and which over time have resulted in different competitive advantages.

It was however not in the line of expectation that value drivers would differ significantly between almost identical companies. Labeling the resentment to implement suggestions brought forward in IPW-2 across the board as resistance (Larsson 1989, 1990), is not a true reflection of reality. There genuinely are local differences in strategic capabilities and markets impacting performance.

At corporate level, decision makers are aware that value cannot be created without the protection of present value drivers. Especially not in organizations where, a phenomenon such as, local embedding is an important competitive advantage.

At various levels in the hierarchy, at various stages in the integration process and across integration approaches respondents do not consider "Quick wins" and other cost reduction operations as "synergy". Not only did respondents feel strongly about the distinction, almost universally respondents commented on this issue extensively. In contrast to economists who have a wider interpretation of value creation and synergy, respondents experience a tension between cost cutting and revenue generation, between **cost reduced and value created**.

"Not knowing whether the corporation geared itself towards synergy or towards cost cutting creates organizational uncertainty."

"Synergy is not always the aim, it is common cost cutting which is prevalent. Moves towards synergy are easily postponed a year when they require investment. Estimated calculations became cast in concrete. When additional funds are needed, a syrup-like process commences."

Had respondents all been employees with the same occupational background, they could all have been exposed to the same idiosyncratic source of information. At corporate headquarters, it was regarded as highly unlikely that respondents' observation originated from a common source.

The distinction between synergy and cutting cost is not made in research literature. Neither is the distinction made at corporate headquarters, however there is an awareness that non-cost cutting synergies are regarded more of a challenge and implementation considered more enthusiastically.

The respondents observed that only where it concerns shareholders both $1+1=3$ and $1+1/2=2$ are considered value creation, synergy. Across the

hierarchy, employees reported on an essential difference between the equations. Though in general both are defined synergy, the first equation reflects effectiveness, the latter on efficiency. The first is value creation and enhances both the health of the organization and the bank balance of the shareholders. It is considered value creation 'pur sang', 'true synergy'.

The latter leads to short term performance, good for shareholders risky for the long term health of the organization. Especially when one round of cost cutting follows another this has operational consequences. In the long run, this is felt to carry an inherent danger undermining sustained performance. Subsequently, cost cutting adds to organizational uncertainty.

Too much of $1+1/2=2$ is perceived to be at the cost of $1+1=3$. If performance is lagging behind expectations, another round of across the board cost cutting is announced and tighter controls implemented. Each time further reducing the potential for local input and action towards value creation, each time reducing entrepreneurial behavior at the base and subsequently potential for synergy to be realized.

Cutting out slack has direct and indirect implications and is perceived by respondents to limit the room to maneuver, thus reducing the possibility of agility and subsequently impact the long-term profit potential of the company.

"Synergy has many dimensions and 'more for less' is not always stimulating. It is more positive to emphasize revenue growth."

"Top-down management causes a nine-to-five mentality."

"Distribution should be considered a competitive advantage of the Wegener group. Distribution is a universal difficulty and why because of cost efficiency facilitate operations of competitors?"

"Give the managers 25 percent of the synergy to invest as they see fit and there will be an avalanche of synergy."

Following an example of what is considered value creation, synergy 'pur sang'.

One of the newspaper companies looked at the weaknesses and strengths, opportunities and threats and investigated in detail - up to legal advice from a renowned legal firm - whether Wegener could combine distribution of unaddressed mail and papers with addressed mail once the monopoly for mail distribution falls away.

[Corporate management did show an interest in the feasibility study and has since entered in a joint venture.]

Respondents report that **change make people weary**, it is considered difficult to muster enthusiasm for yet another adaptation to changing circumstances, especially when time is too short to see the effectiveness of previous change programs.

Not knowing results of efforts causes uncertainty. When change is virtually continuous, reference performance it is like groping in the dark. Respondents described their need to be able to evaluate change efforts before embarking on yet a new project. Change requires risk and effort, never seeing the results makes people weary.

To illustrate, two examples of value creating projects that did not get implemented. At one of the newspaper companies, the problem regarding newspaper distribution was solved by approaching logistics from another angle, by implementing a locally written extension to a computer program, and at the same time by a change of perspective. The part-time employees responsible for delivery were no longer regarded a cost but rather as a scarce resource. The results were impressive and did not carry extra cost.

Another value creation program which did not cross company borders, was described earlier and, concerns the surplus staff placement-program, where incumbents did not lean on the budget of divisions until they felt they had made an appropriate career move and until they pulled their weight.

process variable		absorption		preservation		dewoven preservation		dewoven symbiosis
synergy goals		cutting out overlap combination benefits sharing resources functional skill transfer	functional skill transfer			cutting out overlap focus combination benefits functional skill transfer		focus combination benefits sharing resources functional skill transfer
strategic task objectives		domain strengthening	domain strengthening			domain strengthening domain exploration		domain strengthening domain extension
Organizational task objectives		low autonomy, high interdependence vis á vis companies to be integrated	high autonomy, low interdependence			high autonomy, low interdependence		high autonomy, high interdependence
perceived post-acquisition integration approach		absorption 8 preservation 2 symbiosis 1	absorption 6 preservation 2 symbiosis 7			absorption 3 preservation 6 symbiosis 6		absorption 4 preservation 2 symbiosis 2
perceived organizational uncertainty - present post-acquisition integration - regarding perceptions further integration		low not an issue	low not an issue			low high		high at WGG not an issue, at ITC/K fears of divestment
- company wide efficiency programs - NMa		high high	high not an issue			high high		low not an issue
perceived personal uncertainty - present post-acquisition integration - regarding perceptions further integration - corporate wide efficiency programs - NMa		high not an issue low high	low not an issue low not an issue			low high low high		low low WGG, high ITC/K low not an issue
degree of culture differences		substantial (table 13)	substantial (table 13)			substantial (table 13)		substantial (table 13)
degree of contact between cultures		high	low			high		high
strategy realization		disappointing, however WUGO-De Gelderlander completed during field study, PCZ-BN/De Stem had to commence	disappointing the corporate commissioned IPW-2 report was in process of being distributed			disappointing synergy potential not materializing, only those synergy goals stemming from clustering titles		disappointing resentment internal clients, at WGG streamlining press configuration not completed at ITC/K work pressure not in line with human resources available

Table 14: Comparative analysis between integration approaches

4.7.2. Synthesis and Framework for Investigation

In M&A, based on situation specific synergy goals, the post-acquisition integration process is the vehicle to transfer competencies, preserving core capabilities, transferring skills, and sharing resources (Haspeslagh & Jemison 1991, Jemison & Sitkin 1986). In the post-acquisition integration process at Wegener different strategic and organizational task objectives resulted in a setting in which different integration approaches were implemented and partners' cultures come into contact with each other at varying degrees.

Haspeslagh and Farquhar (1987) discuss discrepancies between how decision makers perceive the de facto integration approach and the actual way in which the acquisition was run, either due to mis-assessment or mismanagement. The discrepancy between the actual integration approach and the integration approach as perceived in the field study rested on noise from factors stemming from corporate wide efficiency programs and feared further integration.

In all cases, the integration approach was determined by the strategic and organizational task objectives, which defined the needed level of interaction and level of autonomy. Subsequently not all cases in the field study require the same amount of integration.

Covering the different integration approaches, culture differences were very much present (table 13) but not considered problematic and/or affecting the post-acquisition integration process regardless of the degree to which different cultures came into contact with each other.

Respondents did not object to adapting to the culture of the other partner as long as there were no fears of unfairness, of employees' past commitment to organizational goals not being honored, and/or by fears of opportunistic behavior in post-acquisition integration. In general, respondents felt able to adapt to new organizational goals in absence of the above and even more important if organizational value drivers could be protected. The latter being respondents' paramount concern.

This is not how culture is believed to impact post-acquisition integration in literature (Adler 1986, Barkema et al. 1996, Hofstede 1991, Nahavandi & Malekzadeh 1988, Sales & Mirvis 1984, Very, Lubatkin & Calori 1996, Weber et al. 1996).

The fact that respondents defined commitment - reflected in values and attitudes to work - as a distinct feature of culture is however in line literature (Beer 1990, Hatch 1987, Weber & Schweiger 1992, Willmott 1993, Zeffane 1994). The link between culture and commitment is also found in Hofstede's work. The IBM questionnaire, Hofstede (1980) used in his analysis was originally designed to investigate employees' work environment preferences. The questionnaire starts with "Please think of an ideal job ...". IBM's interest, in what constituted the ideal work environment in different nations, was based on the consideration that a work environment not too different from what employees thought ideal, would positively influence work related attitudes and subsequently favorably affect performance.

Commitment, which is considered to be the strength of an individual's identification with and involvement in an organization, is one of the major determinants of organizational effectiveness (Schein 1970). Hofstede's work on culture has not been relevant to the business world because it mapped national cultural preferences to rice, pasta or French fries. Based on IBM's intention to detect the precursors to commitment of employees to its organizational goals, Hofstede's work maps employees' values, regarding their work environment. Kotter and Heskett (1992) too found culture to significantly impact organizational effectiveness.

Characterizing culture as a phenomenon reflecting commitment explains its relation to strategy realization. The skills and expertise confounded in the employees of the acquired company are, more often than not, critical to the sustained success of the consolidated organization (Ravenscraft 1990). The essence of culture as it affects strategy realization hinges on culture being captured by the ability of people in both firms to work together (Haspeslagh & Jemison 1991), to at their own initiative exerting considerable efforts (commitment) on behalf of the organization (Lau and Woodman 1995).

For employees to contribute to organizational success (Benkhoff 1997) they have to adapt to the changed organizational goals mostly based on their own discretionary action resulting from combining their knowledge and experience with new requirements, hence the need for sense making exercises.

In the field study, respondents considered the most important aspect of culture to pertain to commitment. Commitment to organizational goals is what both acquisition partners considered the distinguishing factor of their culture and which they would fight to protect.

Employees' extra role behavior, investing above normal amounts of energy, exploring viable initiatives and potentially fruitful interactions, taking initiatives, a willingness to run professional risks explain why culture impacts strategy realization.

The emerging theory that the socially constructed phenomenon culture is a dynamic factor, rather than a static one in post acquisition integration, points to how culture differences impact strategy realization. Grounded in the data from the field study, substantial differences in the culture of the acquisition partners nor the degree to which the acquisition partner's culture come into contact impact the post-acquisition integration process to the degree that affects strategy realization.

The framework for investigation, at figure 5, culture is hypothesized as a moderating factor in the process towards strategy realization. It is assumed that structural changes have an effect outside the conscious control of individuals affecting their contribution to strategy realization. Regardless of earlier collective programming of the mind, there is expected to be a within-person change on the socially constructed phenomenon culture, impacting behavior reflected in values and attitudes to work.

Research in the field of neuro-biology point to uncertainty affecting individuals universally (Cannon 1915, Douma 1999, Krugers et al. 1997). The more stressful the situation, the less adaptive behavior, thus explaining how culture to a varying degree impacts the potential for strategy realization in post acquisition integration.

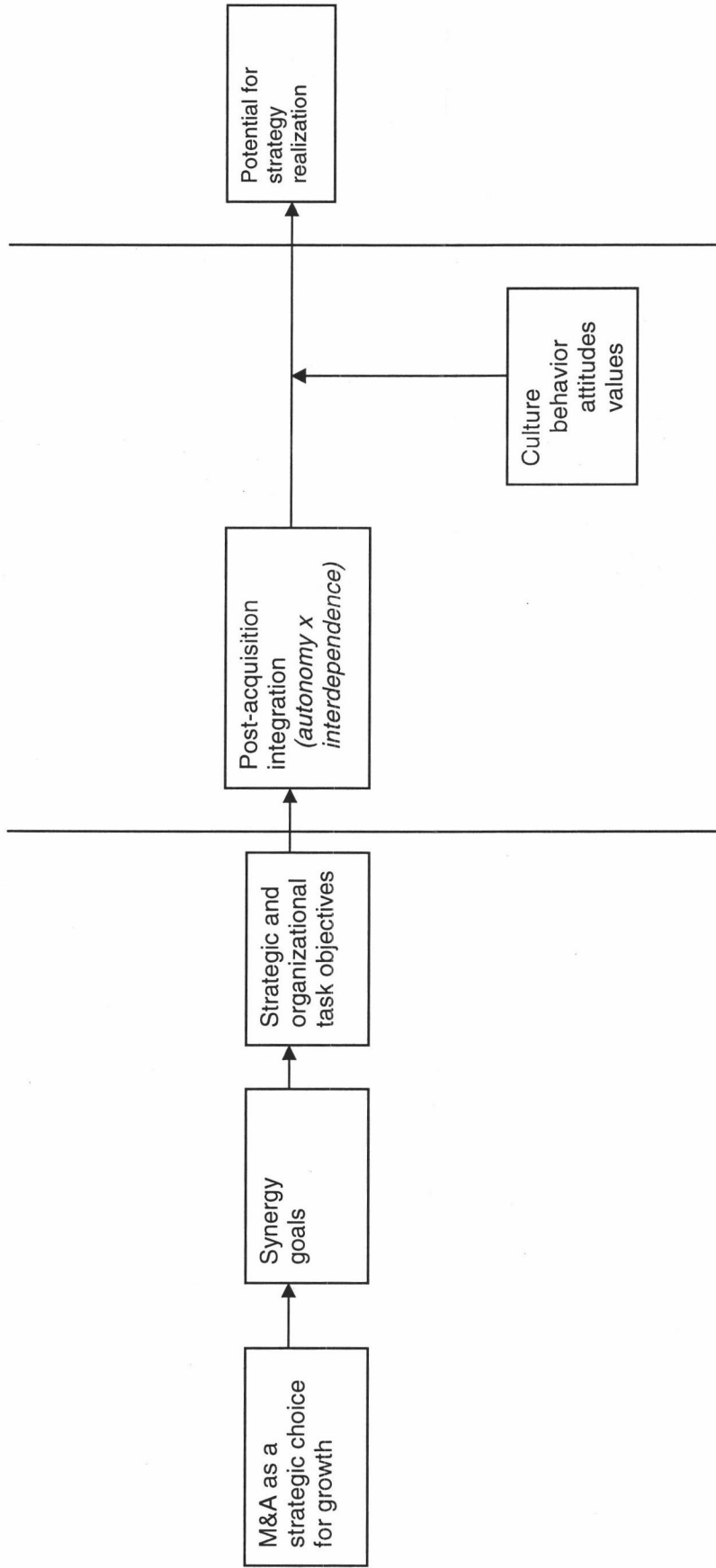


Figure 5. Framework for Investigation

4.7.3. Formal Theory and Hypothesis

Returning to the main research questions that the thesis aimed to explore: why and how do culture differences impact strategy realization.

Grounded in the structured interviews and observations in the field study the following theory emerged.

Culture is a complex phenomenon comprising artifacts, rituals, behavior, attitudes, values and beliefs. The research finding that in post-acquisition integration, employees' values and attitudes to work are experienced as the important characteristic of culture explains why culture has the potential to impact strategy realization. A theory on why culture differences impact strategy realization is based on grounded data showing that commitment, reflected in values and attitudes to work, is considered to be the most important characteristic of culture.

Taking culture into account as a dynamic context dependent variable impacted by perceptions of uncertainty contingent on post-acquisition integration approach rather than a static phenomenon explains how culture differences impact the process towards strategy realization.

Considering that the field study delineated important characteristics of the variables in the post-acquisition process towards strategy realization, and considering that the field study explains the relationship among these critical

variables, makes for a situation where the grounded theory can be tested. Seen the embryonic state of knowledge on the subject, a null-hypothesis is opted for.

“Culture will not differ between the integration approaches”.

CHAPTER 5 - THE CONTROLLED FIELD EXPERIMENT

The choice for a quantitative part to the thesis is dedicated by the nature of the research results. The theory grounded in the Wegener field study diverges from extant literature to such an extent that hypothesis testing is considered an appropriate sequential research approach examining the external validity of the grounded theory. In essence, it is possible that in building grounded theory the inductively derived theories are applicable to a specific area only (Yin 1981, Locke 2001).

The purpose of the controlled field experiment is to test the theory of the phenomenon culture being context dependent. The field study findings point to culture – where it pertains to values and attitudes to work - differing across post-acquisition integration approaches. In the study, culture is the dependent factor and the post-acquisition integration approach, the independent factor.

First, the independent variable will be discussed, following the dependent variable, then the experimental design and the sample.

5.1. THE INDEPENDENT VARIABLE

The independent variable is post acquisition integration. Post-acquisition integration is a complex phenomenon in which many factors determine fundamentally different integration contexts (Haspeslagh & Jemison 1991). In the experimental design, the different post-acquisition integration approaches are defined by the degree to which autonomy is granted and interdependence is required in post-acquisition integration (Haspeslagh & Farquhar 1987).

The explorative quantitative research method uses short imaginary cases. The vignettes represent the various post-acquisition integration approaches. In a vignette-based controlled field experiment, the degree of autonomy and level of interdependence are manipulated according to the pattern of organizational change. The aim of the experiment is to test the generalizability of the field study findings by testing the null hypothesis "Culture will not differ across integration approaches".

5.1.2. Design of the Vignettes Manipulating the Independent Variable

Nunnally (1978) considers that content validity, the adequacy with which content has been cast in a test, mainly rests on appeals to reason regarding. However, he also points to circumstantial evidence regarding content validity. If the test is intended to measure a shift in culture and if scores before the manipulation differ from those after the manipulation, the test is valid.

Starting from literature, four cases were written by three managers in the middle of integration processes, each from a different organization. The aim of this approach is to write scenarios that correspond to actual situations in the critical respects. Of the three individuals, two had been through more than one type of integration approach. The four vignettes used in the current study are designed to manipulate the independent variable, the post-acquisition integration approach.

Following the testing of the vignettes based questionnaire for face and content validity (Carmines & Zeller 1979) at the Vlerick Leuven Gent Management School, the advice to rewrite the vignettes in a more moderate manner was taken into account. This based on the consideration that extreme cases would yield extreme answers. Subsequently, a second set of vignettes was written with the assistance of the same three managers. The final version was read and checked for relation of scenario to integration approach by the initial check group at the Vlerick Leuven Gent Management School and professor Haspeslagh.

Presented below is the text of the vignettes. A sample of the vignette questionnaire is provided at Appendix B.

Absorption

Imagine that you work for a company, which is one of the best in its sector. A while ago, your company was acquired by a competitor. The new owner will invest in the company, the future of the company is not at stake. Though you

have not received a lot of information, the company is full of talk about pending cost cutting exercises. You and your colleagues fear that mass lay-offs cannot be prevented. The operations of your division will be managed from one of the regional offices of the acquirer. It is known throughout the industry that it is cheaper to concentrate all operations at one location.

Preservation

In this case you work for a company, which has been acquired for its specific specialist knowledge. The acquiring company leaves the management in the hand of the present incumbents. Though ambitious in its goals for the next three years, it is a matter of fact that the means to attain the proposed goals have been made available.

Symbiosis

Consider working for an organization, which has been bought by a supplier. By optimizing and aligning the operations of both companies, it is expected to enhance profitability. It has been agreed upon that the acquirer will not directly be involved in the operations, though often there is a request to provide further information. Frequently external experts are hired to search for coordination benefits between both companies. Immediately following the acquisition you have been informed in a personal conversation that you are a valuable and difficult to replace employee.

Predicament

Imagine, about a year ago your company was acquired by a foreign party. In contrast to the initial expectations of substantial synergies, massive losses have been incurred. Many of your colleagues have left the company, and just about everybody is updating his resume. Cooperation with the acquirer is fraught with miscommunication and friction. Of late, you no longer know what is expected of you. Before the dust settles there seems to be yet another round of reorganization. Due to circumstances, you spend a great deal of your time reassuring employees, rather than being able to perform your own job adequately.

5.2. THE DEPENDENT VARIABLE

The dependent variable is defined by culture being a socially constructed phenomenon based on the collective programming of the mind which distinguishes one group or category of people from another (Hofstede 1994).

The current state of knowledge on the subject of culture is substantial, however the hypothesis that culture is a context dependent dynamic factor rather than a stable phenomenon is not addressed in literature.

The measurement of the dependent variable is based on Hofstede's work (1980) on culture in organizations.

5.2.1. Design of the Scale Measuring the Dependent Variable

All of the items on the questionnaire, other than the questions soliciting demographic data, were measured on a seven point Likert-type scale anchored by "strongly agree" (1) and "strongly disagree" (7). A seven point Likert scale was opted for to allow for the type of information sought, and taking the statistical methods applied into account (Nunnally 1978).

The same set of questions followed each vignette, the length of the scale was limited to 10, so that the total time required from respondents would not be excessive (Fowler 2002). Peter (1979) found that redundancy causes boredom and fatigue, resulting in factorial complex constructs.

If constructs are considered to be separate dimensions, reliability tests require internally consistent subscales for each dimension. In this study, where the descriptive statistics are applied to compare culture across integration approaches, the scale used is considered a multi-item scale measuring one single construct, culture.

5.2.2. Reliability and Validity

All statistical analysis has been performed with SPSS, version 11.0.

Content validity is a theoretically oriented issue. It depends on the extent to which an empirical measurement reflects a specific content's domain. In academic literature, many researchers address the concept culture in many different ways. This is not a unique research situation in the field of social

science. Subsequently one formulates a set of items that is intended to reflect the content (Carmines & Zimmer 1979).

In the study the components of which culture is comprised are described based on Geert Hofstede's (1991) book "Cultures and Organisations, Software of the Mind" because (1) his work on culture is widely recognized and replicated (Bing 2004, Sondergaard 1994), (2) extremely broadly based and (3) fitted field study participants' description of the phenomenon. In the questionnaire, culture is tailor fitted in terms of what is consistent with strategy realization in M&A.

A pilot-test of the questionnaire was conducted, in order to ensure precise wording of the questions, to measure the time needed to complete the questionnaire, to detect ambiguity, check for flow logic, and in general to be improved by letting respondents walk through the questionnaire question by question. Comments of managers, middle-managers and non-managers were taken into account, as was the recurring comment that it took more than an hour to fill in the questionnaire. Following the same three individuals sat together with the researcher and discussed per dimension which question could best be deleted, the perceived clarity of the question being the main distinguishing factor in this process.

It was decided to use the same scale throughout the hierarchy. During the pilot-tests and for analytical purposes, the numbering of the questions is as below, However, in the questionnaire the scale was rotated.

Uncertainty Avoidance (UAI).

This dimension of culture measures the extent to which individuals are able to tolerate uncertain, ambiguous or unknown situations. Low scores suggest people are less cautious, more likely to take risks and apt at making fundamental innovations. Cultures that attempt to control the future, demand more detailed information before making a decision, and are almost by definition good at precision work and commercializing innovations (Hofstede 1991). Employees' expectations that change will yield negative outcomes impact the readiness and receptivity of organizations to adapt to new initiatives in organizational change. In the strategy implementation phase uncertainty avoidance is considered to affect the degree to which employees will risk being noticed even though they have knowledge to share, or information to pass on, and employees will actually withdraw from a change situation.

a. In this situation, I would chose not to rock the boat and think twice before offering creative solutions.

b. I would not be surprised if absenteeism was high.

Masculinity/Femininity (MAS).

'Masculine' cultures favor ambition, assertiveness and the desire to achieve recognition by succeeding in one's career. Social gender roles are clearly distinct. 'Feminine' cultures in contrast value modesty in people and are characterized by a concern for the quality of live. Mass production and efficiency thrive under masculine conditions, a more feminine inclination excels in personal service and in production to customer specification (Hofstede 1991).

In a post-acquisition integration approach it is assumed that the more masculine the culture the less the employees would be inclined to let groups benefit from their expertise, skills and qualities if they were not certain it benefited their own career.

c. I would be surprised if cooperation between divisions would be smooth.

d. In the above-described situation, I would not be inclined to share specific professional knowledge.

Individualism/Collectivism (IDV)

In a business context, individualism is characterized by the loosely knit social framework and crystallized in employer-employee contracts and negotiations more accurately than by tactic group conformity. Individualism-collectivism is one of the most intensely researched culture dimensions in the field of organizational behavior, it refers to the tension between personal identity and companionship in organizational settings. This construct also defines the extent to which it is acceptable that personal values deviate from the accepted values within the group. Social behavior is strongly influenced by rules in an organization with a collective cultural orientation (Triandis 1995). The community structure of collectivism binds people together by common goals, interests and reciprocal commitments (Earley & Gibson 1998). In an organizational context it matters whether group behavior needs to be managed and monitored or whether the organization is dealing with individuals evaluating changes, taking action, and adapting or fighting the new situation. For the

purpose of this study, a workable and narrow definition is sought. In a post-acquisition integration process, individualism is determined by the manner and degree to which employees relate to groups, put their own interests before the group's and willingness/ability to depend on others. The more individualistic, the less cooperation and interdependencies will prevail.

e. I would not consider voluntary overtime.

f. I would find it risky to depend on colleagues to achieve goals.

Power/Distance (PDI).

Power/Distance (PDI) measures the extent to which inequality is expected and accepted in society and organizations. Hofstede's concept of power distance refers to the appropriate social and emotional distance that should be maintained between individuals of different status and power. Under the heading 'more equal than others', Hofstede (1991) comes to the significant observation that, in a low and high power distance country alike, people on the work floor experience power distance as being prominently present.

Earley and Gibson (1998) point to power distance as a cultural factor with great potential for understanding organizational phenomena in a cultural context. For the purpose of this study, the following two questions relate to whether inequality based on hierarchical position affects the post-acquisition integration process (checking for large PD acceptance). Question 7 and 8 were re-coded, for analytical purposes, but intentionally posed the way they were.

g. Working for the company described, I would find substantial differences in job security between management and work floor acceptable.

h. Should I have a better approach, I would come forward without hesitation.

Long term/Short Term Orientation (LTO).

The later added fifth dimension (Hofstede & Bond 1988) was originally labeled 'Confucian Dynamism'. Long-term is an orientation towards the future and stands for a high regard of virtues in particular perseverance, stable relationships with business partners, loyalty, and thrift. 'Keep your nose to the grind stone and all will be well'-like. Short term stands for the fostering of virtues related to the past and present, in particular respect for traditions, preservation of 'face', and fulfilling social obligations like reciprocation of favors. In an M&A situation a long-term view stands for loyalty towards the company and expecting psychological contracts to be adhered to.

i. I would not assume that earlier made career promises would be adhered to.

j. I would not feel loyal to a company as described in the vignette.

The questionnaire was not pre-tested. In literature, samples of 200 to 300 are referred to (DeVellis 1991), as being the minimum number of respondents to detect stable patterns of co-variation amongst the items, and more important to represent the population for which the scale is designed.

Scale reliability is determined by the degree to which the measures are free from error, and by the degree to which the measures yield consistent results (Peter 1979). The higher internal consistency, the less error of measurement, the higher the reliability, and the better the chance to come to meaningful determination of relations between variables (Kerlinger 1986). Cronbach's alpha is the most used coefficient to measure internal cohesion of a scale without dividing or duplicating items splitting the scale (Thietart et al. 2001). Internal consistency as it describes estimates of reliability is based on the average correlation among the items within a test. The criterion is generally set at 0.70 (Peterson 1994).

Based on 802 cases, the following alphas were found, absorption (0.72), preservation (0.79), symbiosis (0.78), and predicament (0.72). The degree to which the measures are free from error is acceptable (> 0.50 for exploratory research).

Peterson (1994) studied the alpha coefficient as it varies based on the average inter-item correlation and the number of items in the scale, he found the alpha coefficient not to increase systematically once there are more than three items. Reliability of the scales was tested on the full sample and will be addressed in the following subchapter.

The subject of the test was the questionnaire as presented in annex B, with both questions relating to power distance (PD) re-coded.

RELIABILITY ANALYSIS N of Cases = 802 N of Items = 10		
	scale variance if item deleted	corrected item to total correlation
The absorption approach Alpha = .7172 UAIX10 MASEX11 UAICON12 MASEX13 IDVCOM14 PD15 LTEX16 PDEX17 IDV18 LTCON19	74.87 73.47 71.52 70.17 71.25 80.06 78.32 80.67 75.27 72.53	.35 .49 .48 .52 .47 .19 .26 .18 .40 .46
The preservation approach Alpha = .7904 UAIX20 MASEX21 UAICON22 MASEX23 IDVCOM24 PD25 LTEX26 PDEX27 IDV28 LTCON29	76.25 78.51 81.56 78.72 79.81 84.00 83.89 89.13 84.74 82.59	.56 .60 .54 .58 .53 .39 .38 .20 .36 .51
The symbiosis approach Alpha = .7797 UAIX30 MASEX31 UAICON32 MASEX33 IDVCOM34 PD35 LTEX36 PDEX37 IDV38 LTCON39	76.64 77.52 80.53 76.87 78.43 85.49 79.24 90.45 83.05 79.64	.47 .60 .53 .59 .56 .28 .48 .12 .39 .51
The predicament approach Alpha = .7162 UAIX40 MASEX41 UAICON42 MASEX43 IDVCOM44 PD45 LTEX46 PDEX47 IDV48 LTCON49	74.20 74.66 75.57 69.66 68.08 84.10 77.80 81.80 76.67 73.76	.34 .49 .42 .56 .61 .06 .34 .17 .41 .45

Table 15. Inter-correlation Test of Scales

Removing questions to enhance the overall alpha has not been a consideration, even though several questions yield an alpha lower than 0.70. The decision would be based on statistical results and not on progressing insight regarding characteristics of the dimensions of culture considered critical to the potential for strategy realization.

Content validity was aimed for in the design of the scale by reflecting the theory of the content domain. Hofstede (1980) is used as the criterion to define the qualities to be measured.

In psychometrics, the validity of a test is estimated by the systematic examination of the items of which it is composed (Colman 1995). Content validity is determined based on the degree to which the variable is the underlying cause of item co-variation. Though variance can only be established for interval and ratio scales, as a general check, the Kaiser-Meyer-Olkin's measure of sampling adequacy was used to test whether there is an underlying structure in the scale.

The KMO Measure of Sampling Adequacy tests whether two variables share a common factor with other variables. The closer the KMO approximates 1, the stronger the test indicates that the variables measure a common factor.

The measure is an index comparing the magnitudes of the observed correlation coefficient to the magnitudes of the partial correlation coefficient. Interpretation of the index is based on Kaiser's characterization (Norusis 1988) of the KMO measure of sampling adequacy:

Measures > .90	'marvelous'
> .80	'meritorious'
> .70	'middling'
> .60	'mediocre'
> .50	'miserable'
< . 50	'unacceptable'

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was established at:

KAISER-MEYER-OLIKIN MEASURE OF SAMPLING ADEQUACY	
The absorption approach	.791
The preservation approach	.852
The symbiosis approach	.849
The predicament approach	.802

Table 16. The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy

The KMO measure of sampling thus varied from 0.791 to 0.852 and indicates a meritorious degree of common variance. The psychometrics do point to an underlying structure in the scale. In factor analysis, the factors extracted would account for a fair amount of variance.

Bartlett’s test of Sphericity tests whether the inter-correlation matrix comes from a population in which the variables are non-collinear. In this study, it is not likely that the sample inter-correlation matrix tested comes from a population in which the inter-correlation stems from sample error.

The statistical results of Bartlett’s test of Sphericity showed that the size of the sample and the type of items were significant. Subsequently the data set is perceived as being adequate for analysis.

BARTLETT’S TEST OF SPHERICITY df 45		
	approx. Chi-Square	significance
The absorption approach	1263.608	.000
The preservation approach	1817.127	.000
The symbiosis approach	1796.526	.000
The predicament approach	1491.792	.000

Table 17. Bartlett’s Test of Sphericity

Construct validity concerns the theoretical relationship of a variable. DeVellis (1991) describes it as the extent to which a measure yields the results predicted by the theory underlying that what the test purports to measure, which in this study is culture being dynamic.

5.3. THE EXPERIMENTAL DESIGN

In vignette based experiments in management research (Elsbach and Elofson 2000, Kennedy and Lawton 1996, Key 1997, Pablo 1994) within-subject designs are proven especially useful in researching attitudinal and behavioral change. A repeated measures design is much more powerful than a completely

randomized design because in a within-subject design the error term is reduced by removing the error variability of individual differences (Stevens 2002).

In this study, the sample is intentionally heterogeneous to ensure generalization (Sternthal et al. 1994), but the within-subject design allows for matches that are the same on all of the characteristics. While it is merely an assumption that randomization makes for subjects which are comparable across conditions, in a within-subject design it is not just assumed that subjects are the same, it is a given fact that they are the same (Iacobucci 1994).

Other than blocking sample error (Lipsey 1990), the choice for a within-subject design was motivated by reducing unaccounted for sources of variance specific to respondents' real life situations (Pablo 1994, Raulin & Graziano 1995).

The experimental design being vignette-based also addresses problematic issues of social desirability (Nunnally 1978, Rettig & Rawson 1963).

While the vignette based controlled field experiment exploits the fact that each respondent is subjected to all four manipulations, a repeated measures design has a main drawback, namely the so-called carry-over effect (Iacobucci 1994). In this study, this potentially threat to validity is addressed by implementing an elaborate rotation schedule (table 18). This allows for the sequence of the manipulations being altered (Box et al. 1978, Fisher & Yates 1953).

ROTATION SCHEDULE			
preservation	absorption	symbiosis	predicament
absorption	preservation	predicament	symbiosis
predicament	symbiosis	preservation	absorption
symbiosis	predicament	absorption	preservation

Table 18: The Rotation Schedule

5.3.1. Further Test of Context Validity

An experimental design attempts at eliminating or holding constant those factors that are not being manipulated, it helps ruling out alternative interpretations (Sternthal et al.1994, Stevens 2002). However, there is always the risk that unaccounted for variables impact the data gathered.

Though a manipulation check does not ensure the absence of extraneous variables, it does test whether the variables of interest are manipulated as planned. It is not the measurement instrument itself that is being validated, but the measurement instrument in relation to the purpose for which it is being used (Carmines & Zeller 1979). In this study, this pertains to whether or not there are variables in post acquisition integration that cause a difference in culture.

There are several types of manipulation checks in use. Elsbach and Eloffson (2000) opted for indirect manipulation checks. In their study, respondents were asked to comment on perceived legitimacy of decision explanation and ease of

comprehension. Subsequently two independent coders, blind to the study, coded the participants' written explanations.

Hofmann and Stetzer (1998) opted for a pilot-test of the stimuli used, comprising 64 university students who were asked to determine whether the accident scenarios influenced the manipulation as intended.

Kennedy and Lawton (1996) did not do any manipulation checks on their vignettes. The researchers explain their stance in a footnote commenting on serious problems with checking the manipulation due to social desirability directing the answers and the difficulty of partialling this out of the final scores. Key (1997) too reported no manipulation check, the justification being that the content validity of her vignettes is based on the fact that they portrait real life organizational occurrences.

Amy Pablo (1994) had all respondents perform a manipulation check following the last question, this tested for the presence of those variables the researcher believed to be manipulating.

In this study a post-hoc manipulation check was performed, testing whether it were indeed the post-acquisition integration approaches, which were being manipulated. The manipulation check questionnaire (at annex B), established that respondents experienced level of autonomy granted and level of interdependency required, as the factors being manipulated in the vignettes. A convenience sample of executive students attending courses at INSEAD was utilized. An important issue reference the sample was the appropriateness of the subjects given the nature of the task at hand. In total 207 questionnaires

were returned each respondent answering two questionnaires. The questionnaires were rotated (absorption + preservation, preservation + predicament, symbiosis + absorption and predicament + symbiosis). The scale consisted of 10 randomly presented questions pertaining to level of autonomy granted, level of interdependency required, size, Regulator involvement, acquisition experience, and culture differences. A 7-point Likert scale used to access the scenarios for variables manipulated ($-3 =$ "strongly disagree" and $+3 =$ "strongly agree").

The first empirical test consisted of factor analysis, dimensionality of the manipulation check items was examined via factor analysis with Varimax rotation and Kaiser normalization as the rotation method. Findings confirmed a single-factor structure for each of the two causal dimensions. The results are presented at table B1 at Annex B.

The second empirical test regarded coefficient alphas for the causal dimensions, these were as follows: level of autonomy granted .86, and level of interdependency required .73. Results are presented at table B2 at Annex B. Both constructs show an adequate level of reliability.

The third empirical test was a non-parametric Kolmogorov-Smirnov test. The Kolmogorov-Smirnov Z is found to be 1.278 (two tailed asymp. Significance .076) for the autonomy construct and 1,609 (two tailed asymp. Significance .011) for the interdependence construct. Though the test results showed the

distribution to be approximately normal, the interdependence construct is a bit skewed (table B3 at Annex B).

Prior to analyzing variance, the fourth empirical test checked whether homogeneity of variances could be assumed. This because the F test used in analysis of variance problem with k factors can be sensitive to unequal standard deviations in the k factors.

The Levene test established an upper critical values of the F distribution for the 3 numerator degrees of freedom and 203 denominator degrees of freedom (at a 5% significance level) which allowed for the assumption of equal variance on the autonomy construct, but not for the interdependence construct (Table B4 at Annex B).

In ANOVA and MANOVA alike, there is at least one independent variable or factor, each factor having a finite number of different levels. The only restriction on the number of levels is that there are fewer levels than scores. In this study, the independent variable is the integration approach, determined by the level of autonomy granted and the level of interdependency required. The level of autonomy granted is either high or low, the level of interdependency is high, low or unknown. The number of scores is 10.

The fifth empirical test utilizing ANOVA found all of the treatments to be statistically significant. The results show that across the integration approaches the differences between the groups were larger than those within the groups (Table B5 at Annex B).

Based on the Levene statistics and the results from ANOVA, the sixth empirical test compares the groups pairwise. The Tukey "Honestly Significantly Different" (HSD) test calculates all pairwise comparisons among means across the multiple groups of measurements compared. This K-group MANAOVA tests addresses the fact that a considerable part of the within-group variation in the groups could be attributed to the initial individual differences between the observations.

The Dunnett C test does the same in cases where equal variance cannot be assumed (Stevens 2002). Both the Tukey (HSD) and Dunnett C test do not point to an effect of individual factors contributing to pairwise significant multivariate result for the constructs autonomy and interdependence or for "size" (acquirer being smaller), "Regulator approval", acquirer experience or 'culture differences'.

Multivariate significance implies that there is a linear combination of the independent variables that is significantly separating the groups (Stevens 2002)

Of the six empirical tests reported above, all results indicate that the scenario manipulations are properly classified and can be considered to have been effective in manipulating the independent variable.

5.3.2. THE HYPOTHESIS

The null hypothesis in this study is addressed by means of descriptive statistics. For the questions following the vignettes, the frequency distributions across the integration approaches are compared, as are the measurements of central tendency (median).

Null-hypothesis 1: Culture will not differ between the integration approaches.

To increase confidence in measurements and results it is tested whether or not within group differences are larger than the across group differences. As each subject is measured on multiple dependent variables, repeated measures MANOVA tests the significance of the main effects. And a follow-up comparison is conducted to inspect whether just one groups differs from the rest or whether there are significant differences between all groups, this by means of a pairwise comparison.

The limitations of the study and future research are discussed in Chapter 6, Summary and Conclusions.

5.4. THE SAMPLE

Generalization of the field study findings being the objective controlled field experiment, the sample used in this study is deliberately composed of dissimilar respondents for external validity not to pose a problem (Sternthal et al 1994).

In management research, judgment samples are more common than probability samples (Thietart et al. 2001). Not adhering to a mathematical definition of 'random', the sample is random to the extent that a process outside the control of the researcher selected the respondents. All respondents were drawn from the business community, students were not part of the sample.

5.4.1. Sample Size Considerations

The sample size required in quantitative data analysis depends on the statistical method used (Hulley et al. 2000), effect size and level of significance sought. Determining the appropriate sample size according to the plan for analysis avoids the ex-post realization that a sample is too small to obtain results with an acceptable degree of confidence.

In applied economics optimal sample sizes based on item-to-response in the order of 1:4 to 1:10 are considered acceptable (Hinkin 1995). Bentler and Chou (1987) found that the ratio between sample size and number of parameters to be estimated could be as low as ten to one in cases where a normal distribution could not be assumed and half of that in cases of normal distribution.

In this study, statistical power was considered to be an important factor in the determination of sample size (Cohen 1969, Kraemer and Thiemann 1987, Lipsey 1990). The object of the controlled field experiment is to come as close as possible to creating a situation in which the only differences on the measurements is caused by the manipulation of interest. Though in experiments it can never be excluded that non-accounted for variables have an

effect (Carmines & Zeller 1979, Cohen 1969) a statistical power at a level of .70 or above signifies that the theory tested was at least adequate (Goldstein 1964, Wahlsten 1999).

The null hypothesis is the formal basis for testing statistical significance, which in this study is by means of the Chi-square test comparing frequency distributions and the non-parametric Friedman Test comparing measures of central tendency. Considering the frequency distribution test to be the sturdiest of the two, statistical power is sought based on the Chi-square test. Significance is set at 0.01 for α the probability of a Type 1 error and at 0.05 for β the probability of a Type 2 error, with 6 degrees of freedom ($u=6$).

Cohen's work has become the standard reference on statistical power in the social sciences. He considers that under the above conditions a sample of 800 will yield a statistical power value greater than .995. Therefore, the statistical power of the test, reduces the risk of the results to be due to chance < 0.05%.

A repeated measures MANOVA can be utilized, the moment samples exceed 30 subjects.

5.4.2. Sample Characteristics

The sample was collected over a period of several months commencing end 2001 and extending to April 2002. Lacking a pre-existing sampling frame, the sample is representative of the population under study, in that all respondents

were undergoing or subject to a pending merger or acquisition, and representative of the population diversity (Sternthal et al. 1994).

Preceding the vignettes, there are 9 questions eliciting demographic information. The demographic variables are gender, age, nationality, tenure, hierarchic level, educational background, discipline studied, congruence between education and job, and job market.

DEMOGRAPHIC DATA SAMPLE (N=802)		
	frequency	percentage
AGE		
< 25	56	7.0
25-30	95	11.8
31-35	188	23.4
36-40	117	14.6
41-45	140	17.5
46-50	99	12.3
51-55	73	9.1
> 55	34	4.2
GENDER		
Male	468	58.4
Female	334	41.6
NATIONALITY		
American	6	.7
Belgian	194	24.2
British	61	7.6
Bulgarian	190	23.7
Danish	2	.2
Dutch	208	25.9
Italian	7	.9
South African	105	13.1
Assorted	26	3.2
French	3	.4
TENURE		
< 2	120	15
2-5	144	18
6-10	195	24.3
> 10	343	42.8
FUNCTION		
Manager of managers	94	11.7
Manager of non-managers	176	21.9
Individual contributor	195	24.3
Operator/administrative staff/other	337	42.0
LEVEL OF EDUCATION		
Vocational	84	10.5
Technical	127	15.8
High school	176	21.9
University	411	51.2
Other	4	.5
DEGREE (DISIPLINE STUDIED)		
Economy	82	10.2
Sociology	12	1.5
Education	29	3.6
Journalism	7	.9
Engineering	258	32.2
Marketing/sales	34	4.2
Languages	18	2.2
IT	14	1.7
Administration	84	10.5
Psychology	11	1.4
Law	22	2.7
Other	231	28.8
CONGRUENCE (EDUCATION AND JOB)		
Yes	524	65.3
No	204	25.4
Not applicable	74	9.2
JOB MARKET		
< month	397	49.5
within year	225	28.1
with great difficulty	180	22.4

Table 19. Demographic Data Sample

5.4.3. Distribution of Questionnaire

The questionnaire was distributed in three languages (English, Dutch, and Bulgarian). Per language version, two native speakers whose working language is English were involved in translating and back-translation of the vignette questionnaire.

A free reply number was obtained from the Dutch Post Office, enabling the Dutch respondents, should they so desire, to return the questionnaire anonymously and free of charge. Though the above method best ensures the anonymity of the respondent, the cost of postage and of acquiring an international free post number was prohibiting.

By e-mail or registered mail, a master copy of the vignette questionnaire was sent to those who had volunteered distribution abroad. Two days after sending the e-mail and 10 days after sending a hard copy, the individuals assisting were contacted by phone. The questionnaires were handed out during in-company courses, at meetings and briefings taking into account the desired hierarchical composition of the sample as much as possible.

5.5. RESULTS

The use of null-hypotheses is a classical statistical method to evaluate the possibility of obtaining results - like those actually obtained - by chance alone. It

is a method particularly useful to show that treatments or groups do not differ (MacRae 1995).

Adequately addressing issues such as reliability, validity and statistical power a vignette-based questionnaire constitutes a controlled field experiment limiting the possibility that more than one satisfactory explanation is left after chance is eliminated to an adequate degree.

Null-hypothesis 1: Culture will not differ between the integration approaches.

The Chi-square test is applied to test the null-hypothesis, the object being to establish whether the measurements in the cases labeled absorption, symbiosis and predicament differ in frequency distribution from that labeled preservation. It tests whether the observed frequencies match with that of the expected or theoretical frequency. The significance level (alpha level) of the test is established at 0.01. The number of classes is 7 and the number of degrees of freedom is 6. The upper critical value of Chi-square distribution equals 16,812, while the lower critical value equals 0.872.

In a case where the test statistics are greater than the upper critical value or less than the lower critical value, the null-hypothesis is rejected. The Chi-square test (Table 20) indicates that we can comfortably accept the frequencies of those in the absorption, symbiosis and predicament cases not to match that of the preservation case. The measurements are not considered to come from

the same population. Based on comparison of frequencies distributions it can be safely argued that culture is a dynamic phenomenon.

Chi-Square Test n = 802, df = 6										
grouping variable		absorption			symbiosis			predicament		
preservation		mean Chi² sign.			mean Chi² sign.			mean Chi² sign.		
mean										
1 st question, (UAIEX 20)										
5		3	84.612	.000	5	100.523	.000	2	34.124	.000
2 nd question (MASEX21)										
5		3	24.543	.000	5	65.995	.000	2	10.193	.117
3 rd question (UAICON22)										
6		4	66.359	.000	5	121.092	.000	2	7.076	.314
4 th question (MASEX23)										
6		5	111.892	.000	5	104.568	.000	3	19.806	.003
5 th question (IDVCON24)										
6		4	86.178	.000	5	138.974	.000	3	24.537	.000
6 th question (PD25)										
3		3	201.410	.000	3	190.756	.000	3	123.584	.000
7 th question (LTEX26)										
5		3	50.303	.000	5	126.956	.000	2	21.620	.001
8 th question (PD27)										
3		3	165.192	.000	3	217.066	.000	3	56.584	.000
9 th question (IDV28)										
4		3	101.751	.000	4	193.392	.000	2	49.568	.000
10 th question (LTCON29)										
6		4	95.134	.000	5	111.770	.000	2	14.277	.027

Table 20. Frequency Distribution Test with the Preservation Approach as the Reference Group

The following test reported is the non-parametric test Friedman Test, it is a distribution-free test used to compare observations repeated on the same subjects, using the median as the measurement of central tendency. This test is

also known as Friedman two-way analysis of variance, in this study it tests the null hypothesis that measures from the 4 dependent samples come from the same population.

FRIEDMAN TEST N = 802 df = 3		
	Chi-Square	asymp. significance
1 st question (10, 20, 30 & 40)	331.653	.000
2 nd question (11, 21, 31 & 41)	771.208	.000
3 rd question (12, 22, 32 & 42)	836.034	.000
4 th question (13, 23, 33 & 43)	518.177	.000
5 th question (14, 24, 34 & 44)	552.808	.000
6 th question (15, 25, 35 & 45)	16.447	.001
7 th question (16, 26, 36 & 46)	215.347	.000
8 th question (17, 27, 37 & 47)	20.654	.000
9 th question (18, 28, 38 & 48)	492.089	.000
10 th question (19, 29, 39 & 49)	464.406	.000

Table 21: The Non-Parametric Friedman Test

In this test, the number of cases is 4 and the number of degrees of freedom 3. With a probability of exceeding the critical value at 0.01, the upper critical value is 11.345 and the lower critical value is .115. Subsequently the null-hypothesis is rejected with a 99% confidence interval. The significance level at .000 is particularly useful in showing that the chance that test results are attributable to error is less than one in thousand on 9 of the 10 questions, and to 1 in thousand for the sixth question (Colman 1995, Henkel 1976). The results establish that the data collected varies to such an extent, that the sample is refuted to come

from the same population. The results suggest that the integration approach do cause a within-person change on the phenomenon culture as this was measured in the questionnaire.

Though the Friedman test is an alternative to the repeated measures ANOVA when the normality assumption is not met (Siegel & Castellan 1988), a repeated measures MANOVA allows for the establishment of the strength of the main effects and their interaction.

Therefore, a Kolmogorov-Smirnov test is executed collapsing the scale into one construct approximating normality (figure 6). This procedure is permissible as it is stated (paragraph 5.2.1.) that culture in seen as one construct. Differences in participants responses to the study vignettes were thus subjected to further statistical analyses. Given that each respondent rated all the four vignettes, the responses are deemed dependent. Hence, the mean based repeated measures multivariate analysis of variance (MANOVA) were performed across all the four vignettes.

The first stage of the data analysis was the assessment of the frequency distribution of the data sample conforming to a hypothesized normal distribution. The one-sample Komogorov-Smirnov Z tests ordinal data for normality of distribution, normal distribution is a prerequisite for the subsequent tests.

As can be seen (figure 6) the Kolmogorov-Smirnov Z test results show a non-Gaussian distribution. However, as the deviation is small and the sample large, ANOVA tests can be performed.

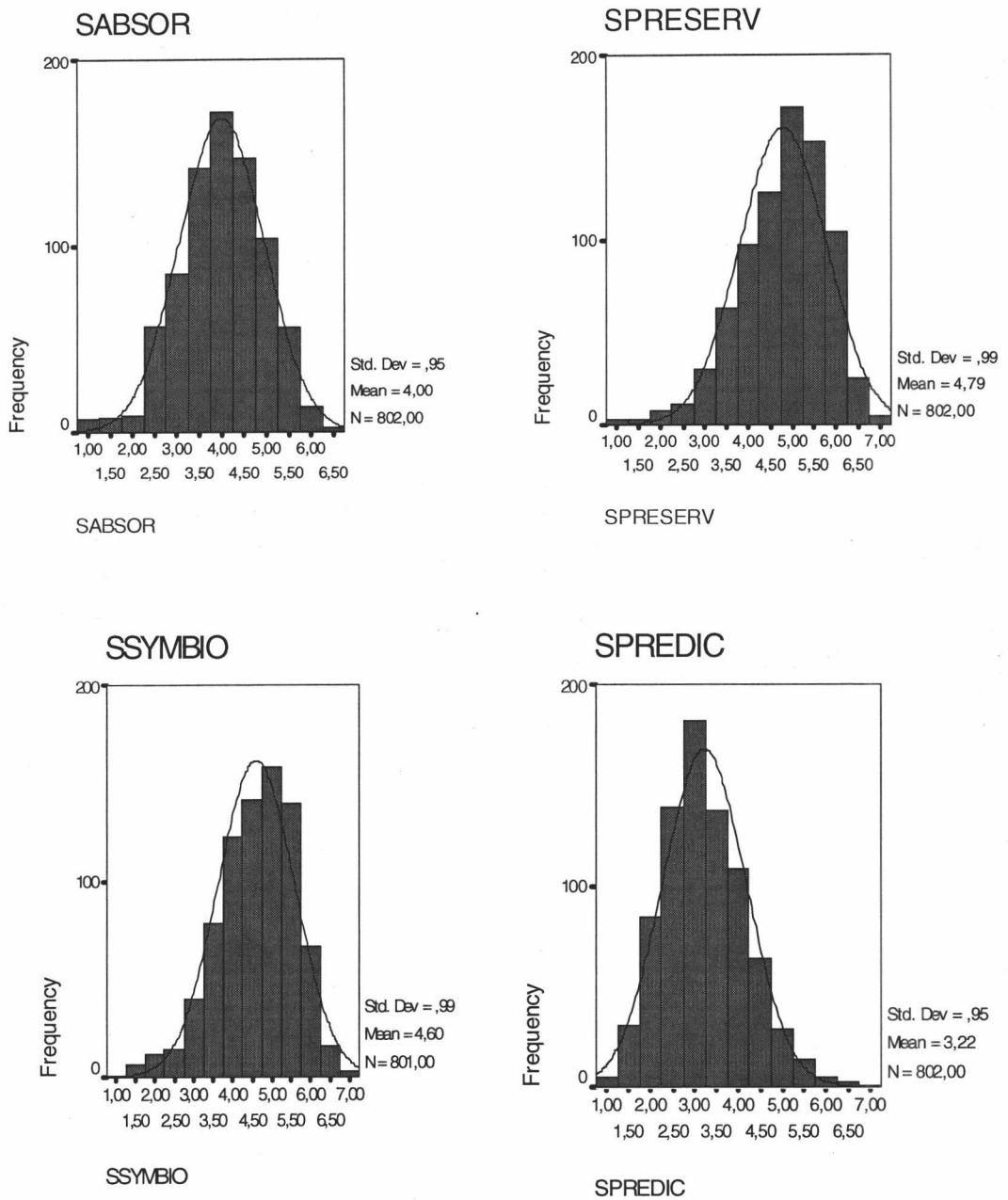


Figure 6: K-S Frequency Distribution across the Integration Approaches

The preservation case, the integration approach in which no changes have been made to either the level of autonomy or the level of interdependency is further removed from a true bell curve than the other integration approaches (Boes et al. 1974). Following Table 22 presenting the test results.

		absorption	preservation	sybiosis	predicament
Normal parameters	Mean	3.995	4.788	4.599	3.222
	Std. Deviation	.9463	.9941	.9871	.9514
Most Extreme Differences	Absolute	.043	.081	.063	.066
	Positive	.023	.047	.035	.066
	Negative	-.043	-.081	-.063	-.025
Kolmogorov-Smirnov Z		1.230	2.289	1.795	1.872
Asump. Sig. (2-tailed)		.097	.000	.003	.002

Table 22. One-Sample Kolmogorov-Smirnov Test (n=802)

The second stage of the data analysis concerns measures of effect size by means of a General Linear Model test. MANOVA, measures the degree of association between effect (integration approach) and the dependent variable. Again, given that each participant rated all the four vignettes, the responses are deemed dependent. Hence, repeated measure MANOVA is utilized to examine the effect of level of autonomy granted and level of interdependency required on culture across the four post-acquisition integration approaches. Multivariate analysis reduces the overall type I error rate.

Pillai's Trace, Wilks' Lambda, Hotelling's Trace and the Roy's Largest Root test are post-hoc MANOVA tests procedures determining which of the group and/or variables are responsible for the overall differences. The three first tests are equally robust where it concerns equal group sizes, the power differences between the four statistics being small, with robustness and power as criteria, any of the four tests can be used.

The analysis of variance (table 23) shows partial eta squared score at .611, this illustrates a strong effect (alpha .05). The results stand regardless of the large

sample size, the groups differ across the integration approaches. In general, the proportion of the total variance to be attributed to an effect (η^2) is considered small at .01, medium at .06, and .14 as a large (Cohen 1977).

Effect	Value	F	Hyp df	Error df	Sig.	Partial η^2	Noncent parameter	Observed power
Factor 1								
Pillai's Trace	.611	418.261	3	798	.000	.611	1254.783	1
Wilks' Lambda	.389	418.261	3	798	.000	.611	1254.783	1
Hotelling's Trace	1.572	418.261	3	798	.000	.611	1254.783	1
Roy's Largest Root	1.572	418.261	3	798	.000	.611	1254.783	1

Table 23. Multivariate Tests

A test of within-subjects contrasts indicates the trend of the relationship between the independent variable (integration approach) and the dependent variable (culture) to be linear. The results indicate there being a linear combination of the dependent variable that is significantly separating the groups (Stevens 2002), the post-acquisition integration approaches (at $p < 0.05$) influence culture, this at a level of significance at .000 and an observed power of 1. The latter reduces the overall Type II error rate (table24).

Source	FACTOR I	Type III sum of squares	df	Mean square	F	Sig.	Partial η^2	Noncent. parameter	Observed power
Factor 1	Linear	253.020	1	253.020	430.358	.000	.350	430.358	1.000
	Quadratic	945.487	1	945.487	1031.986	.000	.563	1031.986	1.000
	Cubic	1.502	1	1.502	3.789	.052	.005	3.789	.494
Error (factor 1)	Linear	470.343	800	.588					
	Quadratic	732.946	800	.916					
	Cubic	317.031	800	.396					

Table 24. Test of within-subjects Contrasts

Based on a factorial Estimated Marginal Means, table 25 shows which integration approach differs from which other integration approach in a pairwise comparison. The level of significance has been adjusted for multiple comparisons and the mean difference is significant at the .05 level in across all pairwise comparisons. All integration approaches differ from each other.

(I) factor 1	(J) factor 2	Mean difference (I-J)	Std. Error	Sig.	95% confidence interval for difference	
					lower bound	upper bound
1	2	-.796	.039	.000	-.873	-.720
	3	-.603	.039	.000	-.680	-.526
	4	.773	.038	.000	.699	.848
2	1	.796	.039	.000	.720	.873
	3	.193	.032	.000	.130	.256
	4	1.570	.046	.000	1.479	1.660
3	1	.603	.039	.000	.526	.680
	2	-.193	.032	.000	-.256	-.130
	4	1.377	.043	.000	1.292	1.462
4	1	-.773	.038	.000	-.848	-.699
	2	-1.570	.046	.000	-1.660	-1.479
	3	-1.377	.043	.000	-1.462	-1.292

Table 25. Pairwise Comparison

The following multivariate test allows studying the effect of both factors separately as well as together. The effect of altering levels of autonomy granted and interdependency required determined on culture is analyzed in an analysis of variance and found to be significant at an α level of .05. In multivariate tests each subject is measured on multiple variables, in comparison to the univariate counterparts of this test, the means of all the dependent variables are tested simultaneously. The single tests protects the type of error to be simply α (Iacobucci 1994).

Though the sample size positively influences statistical power (reduction of a Type II error), some researchers criticize the value of significance tests. It is claimed that any nonzero effect could be made significant with a sufficiently

large sample, subsequently measures of the ‘effect size’ are taken into account. The latter is not sensitive to sample size.

The main effect (η^2) of the autonomy construct (.563) is stronger than that of the interdependent construct (.160). The interaction effect is established to be reflected in a partial eta squared of .301 and can also be defined as strong (Cohen 1977). In post-acquisition integration, the integration approach implemented does have a significant impact on the dependent variable.

Effect	Value	F	Hyp df	Error df	Sig.	Partial η^2	Noncent parameter	Observed power
AUTONOMY								
Pillai's Trace	.563	1031.986	1	800	.000	.563	1031.986	1
Wilks' Lambda	.437	1031.986	1	800	.000	.563	1031.986	1
Hotelling's Trace	1.290	1031.986	1	800	.000	.563	1031.986	1
Roy's Largest Root	1.290	1031.986	1	800	.000	.563	1031.986	1
INTERDEPENENCE								
Pillai's Trace	.160	152.809	1	800	.000	.160	152.809	1
Wilks' Lambda	.840	152.809	1	800	.000	.160	152.809	1
Hotelling's Trace	.191	152.809	1	800	.000	.160	152.809	1
Roy's Largest Root	.191	152.809	1	800	.000	.160	152.809	1
AUTON * INTERDE								
Pillai's Trace	.301	344.513	1	800	.000	.301	344.513	1
Wilks' Lambda	.699	344.513	1	800	.000	.301	344.513	1
Hotelling's Trace	.431	344.513	1	800	.000	.301	344.513	1
Roy's Largest Root	.431	344.513	1	800	.000	.301	344.513	1

Table 26. Multivariate tests of both factors and their interaction effect

Further tests show that the original demographic differences between respondents (within sample differences) are not obscuring between integration approach differences. Concerning the demographic variables (gender, age, nationality, tenure, hierarchic level, educational background, discipline studied, congruence between education and job, and job market) the results show that with the exception of job market (where respondents with good job prospects

are significantly more affected by the changes to autonomy granted and level of interdependency required than their less fortunate counterparts) there are no significant differences to be attributed to respondent specific variables.

The pattern of impact is consistent across the four vignettes. Generally, the lower the level of autonomy granted, the more respondents show a culture that is lacking in its contribution to strategy realization. Respondents contribute most towards strategy realization in the preservation case (vignette 2), less in the integration approaches where autonomy is low and interdependence either high or low (subsequently absorption and symbiosis), while respondents contribute least to strategy realization in the integration approach termed predicament, a situation marked by uncertainty regarding both the level of autonomy granted and the level of interdependency required. However, it can be assumed that in the latter integration approach respondents view autonomy as being low. Logically should it be experienced to be high it would be within the realm of the respondents' own organization to determine the level of interdependency and to direct the process of cooperation.

The results of the post-hoc analyses indicated that individual factors do not account for any meaningful differences in respondents' culture.

Statistical analysis of the controlled field experiment tested significance of the relationship between post-acquisition integration approaches and culture. All analyses confirm that culture is impacted to a varying degree, depending on the type of structural change respondents face. Pablo (1994) found strategic and organizational task aspects the drivers of integration approach decisions. This

study points to (1) respondents throughout the hierarchy experiencing integration approaches implemented to be determined by level of autonomy granted and level of interdependency required (Haspeslagh & Jemison 1991). (2) The distinctive types of structural change implemented have a distinctive impact on culture, the integration approach implemented causes as non-negligible influence on cognitive behavior (Krugers et al. 1997).

The present state of knowledge on dynamism on culture is such that this study aims but to establish that culture in the process towards strategy realization is a dependent factor. Research results corroborate the grounded theory and findings in the field of neurobiology. The research results show (1) it is not entirely the collective programming of the mind, (2) nor employees' individual characteristics, which determines the behavior of employees in post-acquisition integration.

Subsequently, further research into the dynamism of the phenomenon culture as a factor explaining differences in the performance of firms is deemed to have merit.

5.6. IMPLICATIONS OF FINDINGS

The controlled field experiment in this study points to how culture impacts strategy realization. Patterns of behavior conducive to realizing strategy are not stable and uniform across integration approaches. The post-acquisition integration process alters levels of autonomy and required interdependence and

the subsequent organizational change has an impact on culture and subsequently the potential for strategy realization.

In M&A, the post-acquisition integration process is a vehicle to transfer competencies, preserving core capabilities, transferring skills, and sharing resources (Haspeslagh & Jemison 1991, Jemison & Sitkin 1986). Therefore, the extent to which people feel certain that they can safely offer creative solutions, do not seek 'time-out' (absenteeism), cooperate smoothly, and share specific professional knowledge are critical. As is whether or not employees will consider voluntary overtime, risk depending on colleagues to achieve goals, and the extent to which people feel free to step forward with a better approach.

The controlled field experiment established that the post-acquisition integration approach with the least structural change shows a pattern with the larger potential for strategy realization. The preservation case presents a substantially more positive environment for strategy to be realized, than that depicted in 'predicament', where no clear choice reference degree to which autonomy is granted and level of interdependence required is made and/or communicated.

CHAPTER 6 - SUMMARY AND CONCLUSIONS

6.1. SUMMARY

The objective of the thesis is to understand the impact of culture differences on the realization of strategy. The framework of the study was set by the premises that M&A are a select opportunity to enhance a firm's capabilities (Haspeslagh & Jemison 1991), and that in the process towards strategy realization the post-acquisition integration process (Pablo 1994, Schweiger & Walsh 1990) and culture (Nahavandi & Malekzadeh 1988, Very, Lubatkin & Calori 1996) are critical success factors.

Extant literature is diverged from in considering that it is not culture differences per se which thwart cooperation in post-acquisition processes, and that an absence of resistance to change is not enough to realize strategy.

The study built on viewing M&A as a major change program, on brainstorming sessions at Wegener, insights and queries of the Promoter, on studying and discussing research findings from different perspectives and different fields of

science, and from process modeling of the interrelationships between elements found in literature.

It needs to be acknowledged - also in this part of the study - that fundamental to the research findings has been the unrestricted access to data and people in the field study. Invaluable has been the willingness of members of the Wegener organization throughout companies and hierarchies, to share their best knowledge of facts and insights.

The primary theoretical contribution of this thesis is the establishment that culture is a dynamic context dependent variable. The research results represent a step in developing an understanding of the nature of culture differences as they impact strategy realization, equating considerations for practitioners.

The field study underlined the explorative qualities of qualitative research, allowing for an understanding of variables and their relationships in the post-acquisition integration process.

The major finding of field study has been that environmental factors have the potential to impact the phenomenon culture. The field study found neither the degree of culture differences nor the degree of contact between the partners to affect post-acquisition integration in a negative manner. The emerging grounded theory being in stark contradiction to extant knowledge on an important characteristic of culture was considered to merit a quantitative sequel. The controlled field experiment pointed to generalization of the inductive theory.

In addition to the above, the study identified a number of findings that suggest future research directed at variables enhancing the predictability of differences in firm's performance.

6.1.1. Why Culture Differences Impact Strategy Realization

In this thesis, culture is studied as a single phenomenon embracing all of the Hofstede (1980) and the Hofstede and Bond (1988) dimensions, tailor-fitted to the context of M&A.

Considering culture as a phenomenon shaping behavior in post-acquisition integration develops an understanding of why culture has the potential to impact strategy realization. The questions, as they follow each vignette in the quantitative part of the study, illustrate culture as a moderator of values and attitudes to work.

Generically the post-acquisition integration phase is a period of change in which business is not as usual. Employee's job description and performance requirements have not crystallized nor are they (yet) reflected in formal work procedures and patterns of cooperation. In this phase, a strong belief in and acceptance of the organization's goals and values, initiative taking, and a willingness to exert considerable effort on behalf of the organization are crucial. Therefore, it is not enough of a condition for there to be an absence of resistance to change nor is it enough of a condition for employees to just perform their daily routines for new organizational goals to be achieved. Viewing

employees' commitment to organizational goals on a continuum, '0' would constitute business 'as is', resistance to change would constitute '-1', what is required for strategy realization, extra role behavior, '+1'.

In M&A, throughout the hierarchy the process towards strategy realization requires employees' commitment to organizational goals. It requires what is defined as extra role behavior (O'Reilly & Chatman 1986) and unprompted initiative taking. Adaptive behavior to new organizational goals is both discretionary and critical in the process towards strategy realization.

Why culture differences impact the realization of strategy is resolved by the observation that the attributes of culture bear on values and largely discretionary attitudes to work. In the post-acquisition integration process, a process of change requiring adaptive behavior, continuance, exerting considerable efforts on behalf of the organization, cooperation, sharing knowledge, skills, and proprietary insights. A low level of these impacts the potential for strategy realization negatively.

6.1.2. How Culture Differences Impact Strategy Realization

In literature, Kotter & Heskett (1992) point to organizational culture as having a significant impact on organizational effectiveness and a firm's long-term economic performance. In their work they allowed for culture to be firmly established rather than static, however this pertained to the characteristics of culture over time, rather than over context as was found in this study.

In the quantitative part of the study, the external validity of the findings grounded in field study data was tested. The null-hypothesis states that there will be no differences in culture across post-acquisition integration approaches. Both when frequency distribution and the median of the measurements following each vignette were compared this was refuted. Both tests had a level of significance of 0.01.

This and subsequent tests to further enhance the confidence in measurements and results point to the probability of the findings being attributable to chance remote. Subsequently, it can be stated that social construct culture differs across post acquisition integration approaches due to changes in employees' organizational context.

6.2. CONCLUSIONS

The controlled field experiment supports that - across age, gender, nationality, tenure, function, level of education, field of education, congruence between field of education and function, and job market prospects perceptions – post acquisition integration approach dependent there is a reaction to the organizational changes implemented in the post-acquisition integration phase. In the field study, perceived uncertainty was found to be a change process variable rather than a process outcome. Findings pointed to perceived uncertainty being a dual construct, consisting of both perceived organizational

and perceived personal uncertainty stemming from post-acquisition integration approach implemented, and to the type and level of perceived uncertainty to differ across the integration approaches.

Literature in the field of neuro-biology supports the construct 'perceived uncertainty' to be a process variable rather than a process outcome. Subsequently, the fact that perceived uncertainty stemming from organizational change is a factor that does affects adaptive behavior (Cannon 1915, Douma 1999, Krugers et al. 1997) is not without leadership implications.

The content of the questions in the controlled field experiment, emphasize that leadership is especially critical when the contribution of employees is non-fragmented, non-routine and requires interaction. When much of the acquisition value covers the social and intellectual capital, leadership of the integration process is particularly important (Lind & Stevens 2004). In post-acquisition integration processes, only to a degree do employees act on specific instructions from their superiors. Members of the organization are required to act on their own judgment, and situation specific each individual decides what action is appropriate. Employees' behavior is to a large degree discretionary and in the span of control of managers rather than under their control. This is especially so in a service industry environment, where the person with the knowledge is not necessarily the person in charge.

Value is preserved or lost through integration (Haspeslagh & Jemison 1991, Lind & Stevens 2004).

6.2.1. Leadership Implications

The choice of post-acquisition integration approach and dealing with the effect of this on employees has an impact on the potential for strategy to be realized. In present day organizations the majority of employees do not operate based on minutely detailed instructions of superiors but at least to some extent act on their own judgment of what is required and appropriate to accomplish their task. From a strategic angle, the post-acquisition integration approach implemented needs to be based on task objectives and organizational autonomy required. The level of integration required for the potential to realize strategy has limited latitude, hence in the field study the de-weaving processes. However, the subsequent perceived uncertainty stemming from the degree of autonomy granted and level of interdependency required need to be addressed through managerial action.

Executive action in the post-acquisition integration process comprises communication of a clear vision, orchestrating reciprocal organizational understanding, defining the end state (Marks & Mirvis 2001), unity of command (Devine & Hirsch 1998, Kanter & Seggerman 1986, Schweiger & DeNisi 1991), addressing office politics (Buono 1997, Ketchen et al. 1996), providing the necessary resources, controls and incentives (Kotter 1995).

On the pragmatic side, in any specific merger or acquisition organizational complexity is such that sources of uncertainty will be partly generic and partly firm specific. Of leadership implication is that perceptions of uncertainty are left

unaddressed at a price, seen the detrimental effects on strategy realization. Definitely, a situation with both high perceived organizational and high personal uncertainty is best anticipated and guarded against in the post-acquisition integration process.

The field study suggests the importance of business leaders to involve the acquisition partners in the value creating processes at an early stage, and listen to critical comments made. The acquired and acquiring company's goal setting based on intimate knowledge of value creating criteria, of processes and systems as they impact on their environments has a good change of being highly constructive in safeguarding of value drivers and planning and coordination of required action.

Aiming for strategy realization, an organization will benefit from creating a structural mechanism that allows for dialogue, that creates an environment for reciprocal understanding. Apart from setting direction, in the field study it became evident that even in a related acquisition, even in a business which managers grew up in and have great experience of, not everything can be planned and controlled for. Value drivers differ idiosyncratically across similar if not identical businesses.

The implication reference the importance of leadership is in line with literature. Gruca et al. (1997) reported on value creation depending significantly on leadership capabilities. Haspeslagh and Jemison (1991) found leadership to be one of the key integration challenges. Kotter (1998 p. 166) states "only through

leadership can one truly develop and nurture a culture that is adaptive to change". Campbell (1995) too, concluded that creating effective working relationships between acquisition partners is a leadership responsibility. As a matter of fact, no contradictory evidence is found regarding the key role of leadership. Leadership rather than planning and control and this because the study shows that in post-acquisition integration employees' behavior is in the span of control of management rather than under control of management.

6.2.2 Process Implications

The consideration that contingency in the process to strategy realization is a factor to be reckoned with was triggered by the hybrid and on-going post-acquisition integration in the field study. In the field study, executives considered there to be few if any latitude in the determination of level of autonomy granted and level interdependency required once type of synergy sought and strategic task objectives had crystallized. In the field study business leaders definitely acted from the conviction that a singular integration approach was not an option seen the different specific synergy goals.

Another contingency found was perceived uncertainty. Perceived organizational and perceived personal uncertainty were found to be stemming from post-acquisition integration, Regulator action, and concurrent company wide value creating change programs.

6.2.3. Limitations

In a case study, internal validity is threatened when inaccurately a particular event is inferred to result from a specific earlier occurrence. This was limited by deriving data from randomly chosen respondents at three levels within each hierarchy at the 14 independent entities comprising the newspaper side of the organization. Also by brainstorming at corporate headquarters, within and across integration approach pattern search, logical deduction, comparison of data and theory (Yin 1989), discussion of the field study findings with the Board of Directors, and by presenting the study to the managers of the field study company at Wegener's annual Top Management Day.

Reference strategy realization, Bower's (2001) observation that synergy is a situation specific goal is taken into account. Therefore, in the field study respondents are asked to describe the synergy potential aimed at in their company, to describe the post-acquisition environment they operate in, and to give their assessment of synergy achievement.

Like other measurements of performance, this type of measurement does have a drawback. However, though a respondent-reported measurement of performance is subjective, when it rests on the interpretation of multiple respondent at multiple levels within an organization's hierarchy rather than on the opinion of a single respondent, its accuracy is not necessarily less seen the limitations of the objective account-based and finance measurements (Larsson & Finkelstein 1999). The aim of the study not being the quantification of

performance or the comparison of alternative options for growth, the envisaged measurement of performance is deemed appropriate.

In the quantitative part of the thesis, the sample has not been tested for non-reply, as the data was not available. Though in management research probability samples are not all that common (Thietart et al. 2001), the sample was composed outside the control of the researcher and is deliberately composed of dissimilar respondents for external validity not to pose a problem.

Based on field study findings perceptions of uncertainty were found to be a process variable contingent on the post-acquisition integration approach. Though the properties of both perceived organizational uncertainty and perceived personal uncertainty are described, it has to be noted that the actual levels of perceived organizational and personal uncertainty in any real life post-acquisition integration process will also be company specific and not necessarily run parallel to those captured in the field study. Common sense dictates perceived uncertainty will also stem from factors unique to each particular real-life post-acquisition integration approach. Current and inherited organizational modus operandi, other change programs running, and external environmental factors will determine to some extent the levels of perceived organizational and personal uncertainty present in a specific organization.

Reference the measurement of reliability, in controlled field experiments, the dependent variable is measured by psychometrics following vignettes, the

reliability assessment of the measurement does not allow for a distinction between problems in the design of vignettes and problems in the design of psychometrics (Nunnally 1978), in short no distinction can be made between method and measurements artifact. However, due to the level of statistical power sought in this study, there is a 0.05% probability that the results are due to chance error (Cashen & Geiger 2004).

In research projects making use of self-reporting, there is the methodological difficulty that self-reports might not reflect actual behavior (Nunnally 1978, Pablo 1994, Rettig & Rawson 1963). In controlled field experiments, the self-reports deal with hypothetical situations in which respondents do not need to project a positive socially desirable image. In this particular research design bias towards social desirability should be detectable for respondents' answers would not differ between the post-acquisition integration approaches.

6.2.4. Further Research

Returning to the core subject of the thesis, this study is only the first step towards a better understanding of the dynamics of the phenomenon culture on strategy realization. Further research into the dynamic aspect of culture looking into the characteristics of bandwidth such as hysteresis and tolerance would not be without meaning. Hysteresis is the influence of historic events on the present M&A situation. Tolerance bears upon the absorption impact within certain boundaries set by factors such as demographic variables, inherited

circumstance and the presence of certain organizational aspects moderating the effects of altering levels of autonomy and interdependence.

This project was primarily concerned with M&A. A possible expansion of the line of research presented in the thesis would be to test the hypotheses in other types of change programs or in a different economical climate where respondents perceive finding another job to be a less viable option. The quantitative study took place in an economic climate where the job market was an 'employee' market. Across the sample, the national/regional economies were marked by the feeling that there were not enough people to cover vacancies. It was accepted practice that prospective employees discussed what employers had to offer before discussing what the employee was considered to contribute.

Though literature (Cannon 1915, Douma 1999, Krugers et al. 1997) points to neurobiological reactions to uncertainty as a possible explanation for the socially constructed phenomenon culture being dynamic, further research could look into other factors than uncertainty causing a neurobiological reaction affecting employees' behavior. Anger, perceptions of fairness (procedural justice), and on the positive side such factors as growth prospective and personal challenge spring to mind. It is however assumed that any factor impacting a socially constructed phenomenon instantly and universally will be physical rather than cognitive.

Though it was a core premise of thesis that strategies and their implementation were both an integral part of strategy realization, in stepping back from the thesis, it is the phenomenon of contingency in the process running from the acquisition decision to strategy realization that remains intriguing. Understanding the implications of contingency is considered fundamental area of research to improving the understanding of processes concerned with strategy realization.

Particularly interesting would be to study what the process implications are and what the characteristics of the capacities for management need to be if the choice of integration approach is considered a free analytical decision rather than one with limited degrees of freedom once the strategic and organizational task objectives are known.

Subsequent to the importance adhered to the leadership implications addressed earlier in this chapter, the challenging quest into whether there is a generic set of leadership functions fundamental to the creation of an environment conducive to strategy realization has taken me to do further research in South Africa, empirical data is gathered at three institutions of Higher Education merging into one research university.

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Appendices

APPENDIX A

STRUCTURED INTERVIEW AT CORPORATE LEVEL

STRUCTURED INTERVIEW FIELD STUDY COMPANIES

Template used in the structured interviews, rearranged in the order it was analyzed and coded to reflect the origin of the questions.

"HSPJ" refers to the questions in Appendix A of Haspeslagh, P. and Jemison, D. 1991. Managing Acquisitions. Creating Value through Corporate Renewal. The Free Press, New York. "Zollo" refers to questions used in the thesis of this researcher (Zollo, M. 1998. Knowledge Codification Process Routinization, and the Creation of Organizational Capabilities: Post-acquisition Management in the US Banking Industry. UMI Dissertation Information Service). "VEHA" refers to question added by researcher.

TABLES WITH BACKGROUND INFORMATION

STRUCTURED INTERVIEW - AT CORPORATE LEVEL

HSPJ-ACLOG-2.1.A

What is the broad strategic logic behind this acquisition?

HSPJ-ACLOG-2.1.B

How does this logic correspond with the approved strategy for this business area?

HSPJ-ACLOG-2.2.A

Choice of renewal mode

- Why should you consider achieving the strategic objectives through an acquisition, rather than internally or through a partnership?

HSPJ-ACLOG-2.2.B

Choice of renewal mode

- What would be the best internal development scenario?

HSPJ-ACLOG-2.2.C

Choice of renewal mode

- What would be the best partnership scenario?

HSPJ-ACLOG-2.4.A

What were the strategic implications of *not* acquiring this company?

HSPJ-EXSUM -1.1.A

What was the relation between this acquisition and the corporate or business strategy (domain strengthening, penetration, extension, prospection, platform versus position ...).

ZOLLO-MAIMP- 1.1.X

M&A importance. How is the M&A activity currently reported in the corporate communication documents (annual reports, etc.).

- ☐ The most important operating element for the realization of strategic objectives
- ☐ Among the top three elements for the realization of the strategic objectives
- ☐ An important but not priority element
- ☐ An activity being considered only on an opportunistic basis
- ☐ Reported as an extraordinary event, with limited or no strategic emphasis

HSPJ-EXSUM -1.1.B

Did the acquisition imply a need to revise the strategy of the business?

HSPJ-EXSUM -1.1.C

What elements other than the acquisition opportunity itself, have brought about this need?

HSPJ-ACLOG-2.3.A

Why this company:

- How did the opportunity come about?

HSPJ-ACLOG-2.3.B

- Why do you think was the company possibly for sale?

HSPJ-ACLOG-2.3.C

- What were the sellers motives?

HSPJ-ACLOG-2.3.D

- Why did you consider this particular company?

HSPJ-ACLOG-2.3.E

- Which better alternatives have you dismissed as impossible or impractical?

HSPJ-EXSUM -1.1.D
What other alternatives
- including acquisition,

HSPJ-EXSUM -1.1.E
What other alternatives
- partnership possibilities,

HSPJ-EXSUM -1.1.F
What other alternatives
- internal development were considered.

HSPJ-EXSUM-1.2.A
Name of the acquired company

HSPJ-EXSUM-1.2.B
Activities of the acquired company

HSPJ-EXSUM-1.2.C
What were you buying? (a business, a part of a business, a diversified firm where we would keep only part of it, key skills, fixed assets, tax opportunities, ...)

HSPJ-EXSUM-1.2.D
Size (assets, sales, people)

HSPJ-EXSUM-1.2.E
How healthy both competitively and operationally is the firm

HSPJ-EXSUM-1.3.A
What was the origin of the acquisition opportunity

HSPJ-EXSUM-1.4.A
Which operating manager proposed this acquisition?

ZOLLO-ACPRO-1-4-X

Internal

- ☐ Board of directors
- ☐ Chief executive officer
- ☐ Other senior executives
- ☐ Strategic planning group
- ☐ M&A group

External

- ☐ Investment bank
- ☐ Legal advisors
- ☐ Auditing/accounting firm
- ☐ Management consultant

Other

- ☐ Acquired company itself (mother company)
- ☐ Government agency
- ☐ Public knowledge
- ☐ Other

ZOLLO-DUEDI-1-3-X

To what degree was a complete disclosure of data possible due to confidentiality issues or legal impediments on the part of the seller?

ZOLLO-DUEDI-1-3-Y

Which of the following best describes the type of output originated by the Due Diligence process? (*check as many as possible*)

- ☐ Verbal discussion of all the findings among the members of the Due Diligence team and with top management of the acquiring unit
- ☐ Written reports submitted by all key areas summarizing the findings
- ☐ Cost and revenue projections computed by all key areas
- ☐ Mapping of IT systems, including plans for conversion
- ☐ Mapping of product/markets, including decisions for keep/change decisions
- ☐ Evaluation of HR quality, with preliminary staffing plan of each branch
- ☐ Complete business plan for transition phase

HSPJ-EXSUM-1.4.B

Who are the members of the evaluation team?

ZOLLO-STRUC-1-4-Y

Which of the following structures are currently in place in order to deal with acquisition processes?

- ☐ M&A department
- ☐ Corporate Development (M&A, planning)
- ☐ Financial/Administrative function (specialized group led by CFO or Controller)
- ☐ No structure, acquisitions are handled on a case-by-case basis
- ☐ Other (please explain)

ZOLLO-ACPRO-1-4-Z

Which of the following more accurately describes the negotiation environment?

- ☐ Private negotiation with the acquired unit, no other bidders
- ☐ Multiple bidder situation, but no formal auction
- ☐ Auction process run by Acquired unit or its agent (investment bank, etc.)
- ☐ Auction process run by government agency

VEHA-ACAN-1-4-K

What was the reaction of the press upon announcement of the merger or acquisition

VEHA-ACAN-1-4-L

What was the reaction of the analysts upon the announcement of the merger or acquisition

VEHA-ACAN-1-4-M

How was the merger or acquisition announced internally

VEHA-ACAN-1-4-N

Was the internal announcement prior to the announcement in the press

VEHA-ACAN-1-4-O

What was the reaction of the staff upon the announcement of the merger or acquisition

VEHA-ACAN-1-4-P

What was the reaction of the unions upon the announcement of the merger or acquisition

HSPJ-EXSUM-1.5.A

Summarize your assessment of the industry

- main strategic elements

HSPJ-EXSUM-1.5.B

Summarize your assessment of the industry

- picture of the industry structure (Cebuco circulation figures September 2000)

HSPJ-EXSUM-1.5.C

Summarize your assessment of the industry

- prognosis of its evolution (identify your main assumptions)

HSPJ-EXSUM-1.6.A

Summarize any country specific-specific considerations

HSPJ-EXSUM-1.7.A

Summarize your assessment of the company by itself

- What are the main strengths and weaknesses of the company in the light of your assessment of the industry evolution

HSPJ-EXSUM-1.7.B

Summarize Wegener's assessment of the company by itself

- What was your assessment of the current management

HSPJ-EXSUM-1.7.C

Summarize your assessment of the company by itself

- What risk does this acquisition expose us to? What was done to investigate or reduce those risks

HSPJ-EXSUM-1.8.A

Summarize how you proposed to create value in this acquisition

- Through improvements in the company by itself. Which ones?

HSPJ-EXSUM-1.8.B

Summarize how you proposed to create value in this acquisition

- Through strategic capability transfer between the company and your business(es). Which ones

HSPJ-EXSUM-1.8.C

Summarize how you proposed to create value in this acquisition

- Describe briefly how you see this process over time and in organizational terms

HSPJ-EXSUM-1.8.D

Summarize how you proposed to create value in this acquisition

HSPJ-EXSUM-1.9.A

Describe the overall integration approach

- previous relationship (based on Zollo, 1998)

- ☐ No relationship
- ☐ Minority participation
- ☐ Seats on board of directors
- ☐ Cooperative agreement (on specific products, markets, etc.)
- ☐ Shared operations (distribution, etc.)
- ☐ Personal relations among top executives
- ☐ Other (please specify)

HSPJ-EXSUM-1.9.B

Describe the overall integration approach

- operational resource sharing,

HSPJ-EXSUM-1.9.C

Describe the overall integration approach

- transfer of functional skills,

HSPJ-EXSUM-1.9.D

Describe the overall integration approach

- transfer of general management skills,

HSPJ-EXSUM-1.9.E

Describe the overall integration approach

- combination benefits,

HSPJ-EXSUM-1.9.F

Describe the overall integration approach

- reciprocal organizational understanding [other firm's values, history, organizational approach, personnel make up, culture, in short understand how things work in another context and can it be exported under certain condition, extrapolated],

HSPJ-EXSUM-1.9.G

Describe the overall integration approach

- willingness to work together.

HSPJ-EXSUM-1.9.H

Describe the overall integration approach

- capability to transfer and receive the capability.

HSPJ-EXSUM-1.9.I

Describe the overall integration approach

- discretionary resources.

HSPJ-EXSUM-1.9.J

Describe the overall integration approach

- cause-effect understanding of benefits.

HSPJ-EXSUM-1.9.K

Describe the overall integration approach

- substantive interactions.

HSPJ-EXSUM-1.9.L

Describe the overall integration approach

- administrative interactions.

HSPJ-EXSUM-1.9.M

Describe the overall integration approach

- symbolic interactions [general direction for new organization, sacred ground detection]

HSPJ-EXSUM-1.10.A

Summarize your assessment of

- The stand alone value

HSPJ-EXSUM-1.10.B

Summarize your assessment of

- Quantifiable synergy value (operating and non-operating).

HSPJ-EXSUM-1.10.C

Summarize your assessment of

- Unquantifiable benefits and risk components.

HSPJ-EXSUM-1.11.A

Summarize key environmental, legal, fiscal issues, or any other broader aspects that need investigation (or as the case may be, have occurred)

HSPJ-EXSUM-1.12.A

What are the next steps in the acquisition process?

HSPJ-EXSUM-1.12.B

What key ambiguities need to be resolved?

HSPJ-EXSUM-1.12.C

What approach to the company or the bidding process is recommended?

ZOLLO-EXSUM-1.13.X

Where any of the following initiatives taken in order to summarize the lessons learned during the acquisition process?

- ☐ A formal brainstorming session on lessons learned was held
- ☐ Each of the business lines and support functions submitted a written report
- ☐ Each of the business lines and support verbally reported to top management
- ☐ A detailed document was written with input from all the relevant parties
- ☐ Models and manuals were created and, if existing, significantly updated
- ☐ Other (please explain)
- ☐ None of the above

VEHA-EXSUM-1.13.A

What key lessons did you learn?

VEHA-EXSUM-1.13.B

What lessons were nice surprises?

VEHA-EXSUM-1.13.C

What key lessons are never to be repeated?

VEHA-EXSUM-1.13.D

What key lessons were unexpected?

HSPJ-ACLOG-2.1.C

If the acquisition is *domain strengthening*, please clarify

- The foreseen industry evaluation.

- What you see as requirements for a viable competitive position

- What are key lags or leads in your current competitive position and capabilities?

- What would be the broad impact of acquiring this firm on the these lags and leads in competitive position and capabilities?

- The main sources of the acquisition's impact (combination benefits, resource-sharing opportunities; functional skill transfer, general management improvements)

- The magnitude of further investments or acquisitions required to reach a viable position?

HSPJ-ACLOG-2.1.D

If the acquisition is *domain extension*, please clarify

- What is the nature of the complementarity in business position and capabilities?

- What strategic capabilities did you bring to the acquired company?

From which unit in your organization, to which unit in the acquired company?

- What strategic capabilities can the acquired company bring to you? To which units in your organization?

- What opportunities for learning from best practices are foreseeable in both directions?

- What further strategic options does the acquisition open or foreclose?

HSPJ-ACLOG-2.1.E

If the acquisition is *domain exploration*, please clarify

- What motivates this unrelated diversification?

- What is the potential for nurturing this as a stand-alone business?

- Why would you be the appropriate host?

- Are you likely to be able to provide the funding over time that successful growth may absorb?

- What learning do you hope to derive about this business?

- What is the potential to leverage this learning in later commitments to this business area.?

- What learning do you hope to derive for our current business?

- Why do you not develop that capability within the current business?

- On a long-term basis, what are the potential synergies between this business area and our current business.

ZOLLO-ACLOG-2.4.X

The business plans (synergy goals) are they made at

- ☐ corporate level
- ☐ business unit level
- ☐ product groups
- ☐ individual level

ZOLLO-TABLE-C-2

	irrelevant					major motive
Increase market presence in an attractive area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Reduce risk or cost of entering a <i>new</i> market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Achieve economies of scale in operations capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Access market <i>experience</i> in a certain type of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Enhance revenue generation (cross selling, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Utilize the <i>acquiring</i> unit's personnel, skills or technology to improve operations of the acquired unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Utilize the <i>acquired</i> unit's personnel, skills or technology to improve operations of the acquiring unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Protect existing customer base or market position from potential erosion due to competitors' aggressive actions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Take advantage of opportunities offered by government agencies to reduce costs or risks of acquisition activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Restructure or divest poor-performing elements of the otherwise undervalued acquired unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

STRUCTURED INTERVIEW FIELD STUDY COMPANIES

A. INTEGRATION APPROACH ACTUAL VERSUS PERCEIVED

HSPJ-INTE-7-4 (A)

In light of this need for interdependence and organizational autonomy, what is the best metaphor for the overall integration? The actual integration approach:

- ☐ Absorption (low autonomy, high interdependence)
- ☐ Preservation (high autonomy, low interdependence)
- ☐ Symbiosis (high autonomy, high interdependence)

HSPJ-INTE-7-4 (B)

In light of this need for interdependence and organizational autonomy, what is the best metaphor for the overall integration? As perceived in the business unit.

- ☐ Absorption (low autonomy, high interdependence)
- ☐ Preservation (high autonomy, low interdependence)
- ☐ Symbiosis (high autonomy, high interdependence)

HSPJ-INTE-7.2.A

Given the extent of the complementarity and overlap, and given the synergy expectations, what is the need for strategic interdependence among the two firms for each capability, each business unit, product group (each position, and for each individual function).

VEHA-INTE-1

We have the freedom to operate the business unit and adapt to any market threat or opportunity.

VEHA-INTE-2

The organizational chart is designed and filled in by the business unit.

VEHA-INTE-3

Decisions on employee salaries and benefits are the prerogative of the business unit.

VEHA-INTE-4

We have the freedom to operate the business unit, as we see fit within the budgetary plans.

VEHA-INTE-5

Our division is now cooperating more closely with other divisions.

VEHA-INTE-6

Our division is now also cooperating with other divisions than those before the acquisition.

B. GOALS

HSPJ-TABLE-C.1 (A)
Expected Synergy Benefits (at the level of the business unit)

	financial estimation	organizational conditions	Time
Description	of expected benefits	for implementation	horizon
Resource sharing			
Sales			
Production			
Services			
Logistics			
Overhead			
Other			
Functional skill transfer			
R&D			
Production			
Marketing			
Other			
General Mgt. capability transfer			
Operating efficiencies			
Better strategic focus			
Other managerial improvements			
Combination benefits			
Market power			
Purchasing benefits			
Financial benefits			
Fiscal benefits			
Other			

HSPJ-TABLE-C.2 (B)
 Synergy Benefits Achieved (at the level of the business unit)

	description	gap between synergy goals and synergy achieved
Resource sharing		
	Sales	
	Production	
	Services	
	Logistics	
	Overhead	
	Other	
Functional skill transfer		
	R&D	
	Production	
	Marketing	
	Other	
General Mgt. capability transfer		
	Operating efficiencies	
	Better strategic focus	
	Other managerial improvements	
Combination benefits		
	Market power	
	Purchasing benefits	
	Financial benefits	
	Fiscal benefits	
	Other	

C. VALUE CREATING PROCESSES

HSPJ-INTE-7-1-A

Complementarity of acquired positions and core capabilities

Lists the product-market position and core capabilities that are available in the acquired firm.

HSPJ-INTE-7-1-B

Complementarity of acquired positions and core capabilities

Do the same for the business with which the acquisition is to be integrated.

HSPJ-INTE-7-1-C

Complementarity of acquired positions and core capabilities

Explain the degree of overlap, complementarity, and benefits expected.

HSPJ-INTE-7-3-B

Specify which of these capabilities and business positions could be destroyed.

HSPJ-INTE-7-3-C

Can these capabilities and positions be preserved in distinct sub-units or do they depend on broader organizational qualities?

VEHA-VALC-1

There is an exchange of knowledge (f.i. solutions to problems, industry intelligence) between our business unit and head office.

VEHA-VALC-2

There is an exchange of knowledge (f.i. solutions to problems, industry intelligence) between our business unit and the divisions we work with.

VEHA-VALC-3

There is an exchange of knowledge (f.i. solutions to problems, industry intelligence) between our business unit and similar business units in other regions.

E. INTEGRATION PROCESS

VEHA-INTP-1

Can you give a brief description of the integration process so far?

VEHA-INTP-2

Are there any unforeseen circumstances?

VEHA-INTP-3

Unanticipated cause and effect implications?

VEHA-INTP-4

Unexpected time delays?

VEHA-INTP-5

Budgetary constraints?

VEHA-INTP-6

Perceived goal conflict?

VEHA-INTP-7

Manpower issues, availability of right people at the right place on the right time in the right quantity (non including sick leave)?

VEHA-INTP-8

Co-worker support?

VEHA-INTP-9

We have the support of colleagues of those divisions we cooperate with?

VEHA-INTP-10

The post acquisition integration process has adequate top management support?

VEHA-INTP-11

Absenteeism?

VEHA-INTP-12

Involuntary turn over?

F. CULTURE ISSUES

HSPJ-INTE-7-3-A

Is there a need to preserve distinct cultures after the acquisition?

VEHA-CULT-1

Culture differences, how and where do they surface? (cfr. management style, teamspirit, decision making process, discipline, employee motivation,...)

G. PERCEIVED PERSONAL AND ORGANIZATIONAL UNCERTAINTY

VEHA-PUNC-1

Does the merger or acquisition cause feelings of uncertainty for the staff. If so how does it manifest itself, how and where does it surface?

VEHA-PUNC-2

On a personal level, uncertainty for staff regarding the future of the company?

VEHA-PUNC-3

On an organizational level, uncertainty reference goals, viability of the company?

H. MISCELLANEOUS

VEHA-MISC-1

Are there any observations you would like to add?

TABLES WITH BACKGROUND INFORMATION

The Absorption Cases

Table A01:	The market in which the respective newspaper companies operate
Table A02:	The revenue drivers of the newspaper companies
Table A03:	The cost drivers of the respective newspaper companies
Table A04:	Characteristics of the organization

The Preservation Cases

Table A05:	The market in which the respective newspaper companies operate
Table A06:	The revenue drivers of the newspaper companies
Table A07:	The cost drivers of the respective newspaper companies
Table A08:	Characteristics of the organization

The Dewoven Preservation Cases

Table A09:	The market in which the respective newspaper companies operate
Table A10:	The revenue drivers of the newspaper companies
Table A11:	The cost drivers of the respective newspaper companies
Table A12:	Characteristics of the organization

The Dewoven Symbiosis Cases

Table A13:	The market in which the respective companies operate
Table A14:	The revenue drivers of the companies
Table A15:	The cost drivers of the respective companies
Table A16:	Characteristics of the organization

THE ABSORPTION CASES

Extensive background information on the newspaper publishers in this group is given on the following pages. As for the other integration approaches it is presented in four tables. The market in which the respective newspaper companies operate; The revenue drivers of the newspaper companies; The cost drives of the respective newspaper companies; and Characteristics of the organization. As in the case of the preservation cases, the tables are compiled from company records, structured interviews, and a consultant's report.

De Gelderlander	WUGO	BN/De Stem	PZC
<p>Founded in 1848, since 1960 a history of being acquired</p> <p>Subscription not conform Dutch demographic averages</p> <p>Heterogeneous circulation area</p> <p>Competition: National newspapers Door to door papers Regional radio</p>	<p>Founded in 1903. History of acquisitions and mergers</p> <p>Large area covered, several conglomerations</p> <p>Loyal subscribers</p> <p>A few large accounts, many smaller ones</p> <p>Competition: Wegener group daily newspapers Wegener door- to-door papers Competing door-to-door papers Dedicated advertising papers (f.i. real estate) Leaflets Regional radio</p>	<p>Founding date not given Since 1980 history of being acquired</p> <p>Non-reading, other forms of leisure, younger people spend less time reading newspapers</p> <p>Continuous shrinking of local advertising market</p> <p>BN/De Stem market leader in area</p> <p>Competition: Private door-to-door papers, one also publishing on Sunday Wegener door-to-door papers</p>	<p>Founded in 1758, a history of acquisitions and mergers</p> <p>A high percentage of co-readership, 35% highest in NL</p> <p>Region not a center of economic activity. Young people leave and are replaced with retirement-migrants</p> <p>Move from a regional monopoly to a more competitive position</p> <p>Competition: National newspapers and BN/De Stem in southern part of region, following IPW-1 there is limited cooperation between PZC & BN/De Stem In advertising, WHZ, leaflets, magazines, national television and regional radio</p>

Table A01: The market in which the respective newspaper companies units operate

De Gelderlander	WUGO	BN/De Stem	PZC
<p>Number of newspapers: 1 Number of editions: 14 Number of offices: 13 Redaction pages: 6,756 Advertising pages: NG</p> <p>Stoppers: 1060 Number of customers: measured for one edition only Number of ads: NG</p> <p>Circulation: 1998: 168,141 2000: 164,300 Incl. co-readers: NG</p> <p>Coverage: With co-readership: 30% 1998: NG 2000: NG Unevenly spread over editions</p> <p>Market share 1998: NG 2000: NG</p> <p>In 2000: Terminated subscriptions: 15,498 New subscriptions: 13,888 Trial subscriptions: 45,530 (11% conversion)</p>	<p>Number of newspapers: 4 Number of editions: NG Number of offices: 22 Redaction pages: 26 Advertising pages: NG</p> <p>Stoppers: NG Number of customers: NG Number of ads: NG 2000: 22.6 mln mm AC 2000: 21.5 mln mm ZC</p> <p>Circulation: 1998: 179,817 2000: 174,3965 Incl. co-readers: NG</p> <p>Coverage: With co-readership: 38% (2000) 1998: NG 2000: 29% Spread over editions: NG</p> <p>Market share 1998: NG 2000: 38%</p> <p>In 2000: Terminated subscriptions: 18,155 New subscriptions: 13,746 Trial subscriptions: 4,287 Conversion rate not given</p>	<p>Number of newspapers: 1 Number of editions: 8 Number of offices: 8 Redaction pages: 6,229 Advertising pages: 4,796</p> <p>Stoppers: NG Number of customers: NG Number of ads: unclear graph 2000: 23.4 mln mm</p> <p>Circulation: 1998: 147,512 2000: 144,213 Incl. co-readers: NG</p> <p>Coverage: With co-readership: 1998: 73% 2000: 67% Unevenly spread over editions</p> <p>Market share 1998: 73% 2000: 67%</p> <p>In 2000: Terminated subscriptions: 11,436 New subscriptions: 8,275 Trial subscriptions: 27,484 (10% conversion)</p>	<p>Number of newspapers: 1 Number of editions: 4 Number of offices: 5 Redaction pages: 6,650 Advertising pages: 2,488</p> <p>Stoppers: NG # of customers contracts: 2,804 Number of ads: 61,495 2000: 15.8 mln mm</p> <p>Circulation: 1998: 61,032 2000: 61,533 2000: 39%, with co-readers 53%</p> <p>Coverage: 1998: NG 2000: 39% 2000: with co-readership 53%, highest in NL Unevenly spread over editions</p> <p>Market share 1998: NG 2000: 53%</p> <p>In 2000: Terminated subscriptions: 7,240 New subscriptions: 6,794 Trial subscriptions: NG Conversion rate: NG</p>

Table A02: The revenue drivers of the respective newspaper companies

De Gelderlander	WUGO	BN/De Stem	PZC
<p>Number of full-time jobs: 451.7 fte upon ISIS</p> <p>Age structure: average age approximately 40, on spread no information in strategic photo</p> <p>Management & Staff: 236.5 Redaction: 168.0 Advertisement: 79.2 Circulation: 40,1</p> <p>Absenteeism: 8% Perceived absenteeism: divergent views from 'no' to 'problematic' Perceived turnover: not problematic Average tenure in years: 13.5 Open vacancies: NG</p> <p>Own copy: 90% Bought copy: 10% Own acquisition: not specified Acquisition other sources: not specified</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>	<p>Number of full-time jobs: NG</p> <p>Age structure: not evenly spread, more than half over 41</p> <p>Management & Staff: Information not provided Redaction: Information not provided Advertisement: NG Circulation: NG (unclear graph, non comparable)</p> <p>Absenteeism: NG Perceived absenteeism: extremely problematic Perceived turnover: low Average tenure in years: NG Open vacancies: NG</p> <p>Own copy: 79% Bought copy: 16% Own acquisition: 4% Acquisition other sources: 1%</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>	<p>Number of full-time jobs: 355.76 fte, not consequent throughout document</p> <p>Age structure: not evenly spread, more than half over 41</p> <p>Management & Staff: 44.4 Redaction: 162.0 Advertisement: 101.1, not consequent throughout document Circulation: 49.7 (p13)</p> <p>Absenteeism: 6.4% Perceived absenteeism: not an issue. Perceived turnover: low Average tenure in years: NG Open vacancies: 5.36 fte</p> <p>Own copy: 45% Bought copy: 43% Own acquisition: 12% Acquisition other sources: none</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>	<p>Number of full-time jobs: unclear 260 fte, not consequent throughout document</p> <p>Age structure: not a normal distribution, as the other newspaper more older staff members</p> <p>Management & Staff: 30.8 Redaction: 93.8 Advertisement: 73.3 Circulation: 36.9 Internet & Line extensions: 2</p> <p>Absenteeism: NG Perceived absenteeism: divergent views, one division very high. Perceived turnover: high Average tenure in years: NG Open vacancies: NG</p> <p>Own copy: 65% Bought copy: 30 % Own acquisition: 10% (amounts to 105%)</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>

Table A03: The cost drivers of the respective newspaper companies

De Gelderlander	WUGO	BN/De Stem	PZC
<p>Absorbing "Amhense Courant" (AC) & "Gelders Dagblad" (GD) Autumn 2001</p> <p><u>Line extensions</u> De Ondernemer (The Entrepreneur) 8 thematic specials De Gelderlander on-line Organizes job markets</p> <p><u>New IT systems</u> Hermes, Enterprise and Coda Complete digital paper preparation Conversion from traditional redaction towards a multi media news organization</p> <p><u>Contingency plans for economic downturn (advertising income)</u> Average turnover (2000) per sales representative 454,545 Euro/y None replacement of personnel Absorbing non-productive employees in a Social Plan</p> <p><u>Strategy towards readers</u> An unparalleled offer on regional, and unique national and international news Especially in regional news the paper has to distinguish itself "What does the reader want to read". Clear, relevant and accessible news with a 'reference and relevant facts block' following major articles</p>	<p>AC & GD integrated into De Gelderlander Autumn 2001, conversion of titles into morning papers</p> <p><u>Line extensions</u> Not mentioned</p> <p><u>New IT systems</u> Paradise and Enterprise have been implemented, Enterprise updates are awaited as is the upgrade for Coda (financial system)</p> <p><u>Contingency plans for economic downturn (advertising income)</u> Develop B2B by means of special editions Attract new local markets Offer a complete service (call center, internet site building, ...) Initiate process and quality management, and planning & control Emphasis on digital intake of advertisements</p> <p><u>Strategy towards readers</u> Rural areas require local editions More selective canvassing of subscribers Conversion to morning paper</p>	<p>Integration announced prior to interviews but not started</p> <p><u>Line extensions</u> 42 different non-weekly specials an on-lineregion portal De Ondernemer (The Entrepreneur), monthly in a circulation of 150,000</p> <p><u>New IT systems</u> Hermes to be implemented</p> <p><u>Contingency plans for economic downturn (advertising income)</u> Keep local, item, and family advertisements at the same level, price and sales differentiation for the specific products New advertising products Extending number of editions</p> <p><u>Strategy towards readers</u> Sharing of editors in overlap area Development of Internet Extending number of editions Editorial guidelines reference attention to readers' interests Database intelligence, reference 'lifetime' value of subscribers and cost of new subscription Experimentation with trial subscriptions Better targeting trial subscriptions</p>	<p>Integration announced post interviews, but had been expected</p> <p><u>Line extensions</u> Not mentioned</p> <p><u>New IT systems</u> Hermes will be implemented Forum phase 2 & 3 to be implemented Wegener wide P&O system and Information module ASAP, and Coda upgrade 8 to be installed</p> <p><u>Contingency plans for economic downturn (advertising income)</u> New Business Addressed distribution Focus on new type of readers (retired people moving to area)</p> <p><u>Strategy towards readers</u> Sharing of editors in overlap area</p>

Table A04: Characteristics of the organization

THE PRESERVATION CASES

Extensive background information on the newspaper publishers in this group is given on the following pages. It comprises four tables. The market in which the respective newspaper companies operate; The revenue drivers of the newspaper companies; The cost drivers of the respective newspaper companies; and Characteristics of the organization. The tables are compiled from company records, structured interviews, and a consultant's report.

Brabants Dagblad (BD)	Eindhoven's Dagblad (ED)	De Twentsche Courant/Tubantia (DTCT)	Wegener uitgeverij Midden Nederland (WUMN)	Sijthoff Pers
<p>Founded in 1771. Since 1964 a history of mergers. In 2000 acquired by Wegener, whereby Brabants Dagblad is dewoven from a larger entity (as is Eindhoven's Dagblad) and became an independent newspaper</p> <p>Tilburg is a large urban area. Den Bosch is less of a focal point in the area. Some parts of region are more oriented on the adjacent one resulting in cooperation with De Gelderlander</p> <p>Changing leisure patterns, non-reading</p> <p>There is one edition, which differs completely in religion and historic background</p> <p>Competition: Other Wegener titles National newspapers corner 30% of the market Other media</p>	<p>Founded in 1857, since 1944 a history of being acquired, merged, and reestablished as a an independent entity</p> <p>Southeast part of area enjoys a strong economical growth</p> <p>Most of area covered is focused on Eindhoven and to a lesser extent on Helmond</p> <p>ED is market leader in the area</p> <p>The number of people of ethnic origin is growing in Eindhoven en Helmond.</p> <p>Non-reading</p> <p>Competition: Growth of door-to-door weekly papers, especially noticeable in advertising market, the paper covers 80% of households in area</p>	<p>The Twentsche Courant founded in 1844, Dagblad Tubantia in 1872. Several acquisitions, in 1990 the two titles with one publisher. In 1992 acquired by Wegener and in 1996 integrated into one title</p> <p>Growing interest in region. Subscribers feel part of the newspaper</p> <p>Population is growing, be it the less affluent section</p> <p>Co-readership enormous. In 2000 coverage was 47%, including co-readers 57%</p> <p>Area bordered by Germany and Wegener newspapers (some overlap)</p> <p>Non-reading</p> <p>Competition: Telegraaf and other national newspapers Door-to-door weekly papers (Wegener titles) Growing share other media</p>	<p>Founded in 1893, since 1966 a history of acquisitions and in 1978 a merger with Wegener</p> <p>Area covered both rural and urban. Rural area is part of the 'bible belt'. The urban area is characterized by great mobility, little interest in region and 23% of ethnic people (17% is Dutch average)</p> <p>Economically the area builds on knowledge industries</p> <p>Utrecht is a university town</p> <p>Competition: Strong competition, market share of Telegraaf is 27% Market share of other national newspapers is increasing</p>	<p>Founded in 1883. Since 1960's Sijthoff has been both an acquirer and acquired</p> <p>Regional identity less important than in the rest of the country</p> <p>High mobility of readers</p> <p>Significant proportion of co-readership (approx. 5%)</p> <p>Negative sociological and demographic developments: - 40% of population of ethnic origin (17% is Dutch average) - Contacting potential readers is difficult as less than 60% of households have a rented phone number - Middle classes move to sleep-towns - Five of the ten poorest Dutch neighborhoods are situated in distribution area - Non-reading</p> <p>Competition: National and free newspapers Door to door weekly papers Advertising policy of food sector</p>

Table A05: The market in which the respective newspaper companies units operate

ED	DTCT	WUMN	Sijthoff Pers
<p>Number of newspapers: 1</p> <p>Number of editions: 12 (not constant throughout week)</p> <p>Number of offices: 4</p> <p>Redaction pages: 6,000</p> <p>Advertising pages: 5,068</p> <p>Stoppers: 382</p> <p>Number of customers: NG</p> <p>Number of ads: 25,784,850</p> <p>Circulation:</p> <p>1998: NG</p> <p>2000: 155,120</p> <p>Incl. co-readers: 158,290</p> <p>Printed: NG</p> <p>2000: 124,587</p> <p>Printed: 132,250</p> <p>Coverage: incl. co-readers (<i>inconsistent in report</i>)</p> <p>1998: 53%, 63%, 50%</p> <p>2000: 52%, 62%, 49%</p> <p>Uneven spread over editions</p> <p>Market share</p> <p>1998: 72%</p> <p>2000: 73%</p> <p>In 2000:</p> <p>Terminated subscriptions: 12,800</p> <p>New subscriptions: 12,000</p> <p>Trial subscriptions: 23,000</p> <p>% of retention not given</p>	<p>Number of newspapers: 1</p> <p>Number of editions: 12</p> <p>Number of offices: 9</p> <p>Redaction pages: 6,341</p> <p>Advertising pages: 1,306</p> <p>Stoppers: 1,020</p> <p>Number of orders: 175,040</p> <p>Number of contracts: 1,074</p> <p>Number of ads: 25,275,237</p> <p>Circulation:</p> <p>1998: 141,758</p> <p>2000: 137,827</p> <p>Printed: NG</p> <p>Coverage</p> <p>1998: 49 % including co-readers 61%</p> <p>2000: 47% including co-readers 57%</p> <p>Uneven spread over editions</p> <p>Market share</p> <p>1998: 69%</p> <p>2000: 71%</p> <p>In 2000:</p> <p>Terminated subscriptions: 14,876</p> <p>New subscriptions: 13,070</p> <p>Trial subscriptions: 4.17</p> <p>% of retention not given</p>	<p>Number of newspapers: 2</p> <p>Number of editions A = 6, B = 5</p> <p>Number of offices: 8</p> <p>Redaction pages: 6,287</p> <p>Advertising pages: 4,406</p> <p>Stoppers:</p> <p>Number of customers: 4,398</p> <p>Marketshare both papers: 28%</p> <p>Utrechts Nieuwsblad/Dagblad Rivierenland (A)</p> <p>Circulation:</p> <p>1998: NG</p> <p>2000: 87,321</p> <p>Printed: NG</p> <p>Coverage:</p> <p>1998: NG</p> <p>2000: 22%</p> <p>Uneven spread over editions</p> <p>Market share:</p> <p>1998: NG</p> <p>2000: NG</p> <p>Amersfoortse Courant/Veluws Dagblad (B)</p> <p>Circulation:</p> <p>1998: NG</p> <p>2000: 120,749</p> <p>Printed: NG</p> <p>Coverage</p> <p>1998: NG</p> <p>2000: NG</p> <p>not spread evenly over editions</p> <p>Market share:</p> <p>1998: NG</p> <p>2000: NG</p>	<p>Number of newspapers: 2</p> <p>Haagsche Courant (A), both a morning paper (non subscription) and an afternoon paper, Goudsche Courant (B), afternoon paper</p> <p>Number of editions: A=5, B=1</p> <p>Number of offices: 6</p> <p>Redaction pages: 67%</p> <p>Advertising pages: 23%</p> <p>Stoppers (clients): A=25, B=25</p> <p>Number of customers</p> <p>A=11,928, B=5,426</p> <p>Number of advertisements: NG</p> <p>Uneven spread over editions</p> <p>Haagsche Courant</p> <p>Circulation:</p> <p>1998: NG</p> <p>2000: 117,074</p> <p>Printed: NG</p> <p>Coverage including co-readers</p> <p>1998: 33%</p> <p>2000: 22%</p> <p>Market share:</p> <p>1998: 45%</p> <p>2000: 43%</p> <p>Goudsche Courant</p> <p>Circulation:</p> <p>1998: NG</p> <p>2000: 14,387</p> <p>Printed: NG</p> <p>Coverage including co-readers</p> <p>1998: 26%</p> <p>2000: 25%</p> <p>Market share:</p> <p>1998: 29%</p> <p>2000: 27.5%</p>

Table A06: The revenue drivers of the respective newspaper companies

BD		ED		DTCT		WUMN		Sijthoff Pers	
Number of full-time jobs: 345.63 (fte) 357,3(fte) inclusive of billing through		Number of full-time jobs: 305,7 (fte) inclusive external hiring		Number of full-time jobs: 305.81 (fte)		Number of full-time jobs: 464,7 (fte)		Number of full-time jobs: 460,17 (fte)	
Age structure: bell curved distribution		Age structure: bell curved distribution		Age structure: NG		Age structure: average 42		Age structure: 2/3 > 40	
Management & Staff: 38.1 Redaction: 149.9 Advertisement: 105.8 Circulation: 49.8		Management & Staff: 43.3 Redaction: 124.6 Advertisement: 89.4 Circulation: 49.8		Management & Staff: 44.1 Redaction: 175.8 Advertisement: 47.3 Circulation: 34.6		Management & Staff: 59,9 Redaction: 180.9 Advertisement: 169.4 Circulation: 54.6		Management & Staff: 44.90 Redaction: 185.36 Advertisement: 40.72 Circulation: 57.50 Operations: 131.19	
Absenteeism: NG Perceived absenteeism: A high % estimated		Absenteeism: NG Perceived absenteeism: High during deweaving process		Absenteeism: NG Perceived absenteeism: Not an issue		Absenteeism: 7.76% Perceived absenteeism: Not an issue		Absenteeism: NG Perceived absenteeism: Higher than NL average	
Perceived turnover: sporadic Good people left in first phase. Average tenure in years: NG		Perceived turnover: sporadic Average tenure in years: NG		Perceived turnover: sporadic Average tenure in years: NG		Perceived turnover: sporadic Average tenure in years: 11.5		Perceived turnover: sporadic Average tenure in years: NG	
Information on copy was not provided by company, it fluctuates too much.		Own copy: 57% Bought copy: 19% Own acquisition: 24% Acquisition other sources: NG		Specified per type of news, no total given		Own copy: 82% Bought copy: 8% Own acquisition: 10% Acquisition other sources: NG		Own copy: 46.4% Bought copy: 53.6 % Own acquisition: none mentioned Acquisition other sources: NG	
Overhead: Fixed Cost:: NG Cost ICT/K: NG Cost WGG: NG		Overhead: Fixed Cost:: NG Cost ICT/K: NG Cost WGG: NG		Overhead: Fixed Cost:: NG Cost ICT/K: NG Cost WGG: NG		Overhead: Fixed Cost:: NG Cost ICT/K: NG Cost WGG: NG		Overhead: Fixed Cost:: NG Cost ICT/K: NG Cost WGG: NG	

Table A07: The cost drivers of the respective newspaper companies

Sijthoff Pers			
BD	ED	DTCT	WUJM
<p><u>Line extensions</u> Occasional and thematic specials (35) Internet developments</p> <p><u>New IT systems</u> Hermes fully installed in Oct 2002, difficulties in simultaneously keeping present system operational</p> <p><u>Contingency plans ...</u> Review of editions Restyling newspaper More 'big' (national and international) and economic news to produce a more complete product, eliminating need for national paper Pro-active policy towards advertisers</p>	<p><u>Line extensions</u> Thematic specials 31, of which 10 in cooperation with Brabant Dagblad, 19 special advertising products</p> <p><u>New IT systems</u> Hermes will be installed</p> <p><u>Contingency plans for economic downturn</u> Attention for markets other than recruitment ads. More customer service (order, placement, invoicing, management information)</p> <p><u>Strategy towards readers</u> High quality newspaper Taylor fitted subscriptions (section, per day of the week) Preferential treatment for subscribers at advertising companies Strengthen relationship redaction and readers, roadshows, thematic evenings</p> <p><u>Cooperation</u> With Brabant Dagblad, in future broaden to BN De Stem and PZC</p>	<p><u>Line extensions</u> 16 thematic specials, internet, Book on national disaster, local dialect versions of popular cartoons as 'Asterix & Obelix'</p> <p><u>New IT systems</u> Hermes installed, resulting in quality improvement and reducing personnel needs</p> <p><u>Contingency plans for economic downturn</u> Economizing on-line extensions, number of pages, on-line publications</p> <p><u>Strategy towards readers</u> Preferential treatment for subscribers at advertising companies Contact people visiting newspaper (tours of premises) Taylor fitting subscriptions Subscribers in remote areas are costly</p> <p><u>Cooperation</u> With WUGO and in future with De Gelderlander and Wegener wide, GDP and photos</p>	<p><u>Line extensions</u> New IT systems Unisys phase 2</p> <p><u>Contingency plans for economic downturn</u> Reducing cost (personnel resulting in elimination of editions, intensive cooperation within cluster) in both print and digital newspapers Fierce competition (in Randstad)</p> <p><u>Strategy towards readers</u> Presence on-line Quality in redaction, aiming at producing best regional newspaper</p> <p><u>Cooperation</u> Job rotation within redaction. With Sijthoff (RTV page) Parliamentary page WUGO in overlap area</p>
<p><u>Line extensions</u> Organizes debates on Sunday morning (monthly) in Den Bosch, Tilburg and plans to do so in Oss, in order to draw urban and regional debate to the newspaper. It spawns copy and enhances involvement of readers Organizes 'BD' lunches Delivers 'big' news as well as 'small' regional news down to level of club news A mix of surprises (daily redaction choice) and certainty in lay out and format</p> <p><u>Cooperation</u> With De Gelderlander, Eindhovens Dagblad, and BN/de Stem in adjacent/overlap areas</p>	<p><u>Line extensions</u> Combination of good regional newspaper and ability to compete with national newspaper Aim for a more popular character in order to keep a 50% coverage</p> <p><u>Cooperation</u> With Rotterdam Dagblad</p>		

Table A08: Characteristics of the organization

THE DEWOVEN PRESERVATION CASES

The following analysis is based on structured interviews, secondary information and company records. In the thesis, the unit of analysis is the integration approach - not taking into account the differences between the business unit and the markets they operate in. The differences could be significant and are therefore illustrated in the figures following.

Wegener Huis aan Huis Zuid (WHZ)		Wegener Huis aan Huis West (WHW)	Wegener Huis aan Huis Oost (WHO)
Within cluster South A-Brand door-to-door papers	Within cluster West A-brand door-to-door-papers	Within cluster East A-brand door-to-door papers	
Founded post deweaving from newspaper organizations, cluster headquarters in Tilburg	Founded post deweaving from newspaper organizations, cluster headquarters in Houten	Founded post deweaving from newspaper organizations, cluster headquarters in Enschede	
Reading span of 44 minutes per week	Reading span of 44 minutes per week	Reading span of 44 minutes per week	
Advertisers require more professionalism (advertising and invoice processes) and accountability	Advertisers require more professionalism (advertising and invoice processes) and accountability	Advertisers require more professionalism (advertising and invoice processes) and accountability	

Table A09: The market in which the respective newspaper companies operate

Wegener Huis aan Huis Zuid (WHZ)		Wegener Huis aan Huis West (WHW)	Wegener Huis aan Huis Oost (WHO)
Number of newspapers:	Number of newspapers:	Number of newspapers:	
Number of offices:	Number of offices:	Number of offices:	
Income solely from advertisers, repair eroded price level	Income solely from advertisers, repair eroded price level	Income solely from advertisers, repair eroded price level	
Number of customers:	Number of customers:	Number of customers:	
Number of ads:	Number of ads:	Number of ads:	
Circulation: 2000:	Circulation: 2000:	Circulation: 2000:	
Goal a revenue increase of 9% in 2001	goal a revenue increase of 9% in 2001	goal a revenue increase of 9% in 2001	goal a revenue increase of 9% in 2001

Table A10: The revenue drivers of the respective newspaper companies

Wegener Huis aan Huis Zuid (WHZ)	Wegener Huis aan Huis West (WHW)	Wegener Huis aan Huis Oost (WHO)
<p>Number of full-time jobs: (fte)</p> <p>Age structure:</p> <p>Management & Staff: Redaction: Advertisement:: Circulation:</p> <p>Absenteeism: Perceived absenteeism: Not initially not it is a problem. Some employees cannot cope with uncertainty.</p> <p>Perceived turnover: Limited to the NMa title. Average tenure in years: NG</p> <p>Own copy: Bought copy: Own acquisition: Acquisition other sources:</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>	<p>Number of full-time jobs: (fte)</p> <p>Age structure:</p> <p>Management & Staff: Redaction: Advertisement:: Circulation:</p> <p>Absenteeism: Perceived absenteeism: Divergent views.</p> <p>Perceived turnover: Approximately 7%. People job hop. Average tenure in years: NG</p> <p>Own copy: Bought copy: Own acquisition: Acquisition other sources:</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>	<p>Number of full-time jobs: (fte)</p> <p>Age structure:</p> <p>Management & Staff: Redaction: Advertisement:: Circulation:</p> <p>Absenteeism: Perceived absenteeism: Divergent views. However, it is an item on the agenda.</p> <p>Perceived turnover: Sporadic. Average tenure in years: NG</p> <p>Own copy: Bought copy: Own acquisition: Acquisition other sources:</p> <p>Overhead: Fixed Cost: Cost ICT/K Cost WGG</p>

Table A11: The cost drivers of the respective newspaper companies

Wegener Huis aan Huis Zuid (WHZ)	Wegener Huis aan Huis West (WHW)	Wegener Huis aan Huis Oost (WHO)
<p>Low entry barrier for competitors</p> <p>Mass medium with local roots</p> <p>Wegener is national market leader in this medium</p> <p>Good geographic coverage though not national coverage</p> <p>Late copy delivery</p> <p>Lack of management information</p> <p>Not same day of issue throughout</p> <p>Limited editorial</p>	<p>Low entry barrier for competitors</p> <p>Mass medium with local roots</p> <p>Wegener is national market leader in this medium</p> <p>Good geographic coverage though not national coverage</p> <p>Late copy delivery</p> <p>Lack of management information</p> <p>Not same day of issue throughout</p> <p>Limited editorial</p>	<p>Low entry barrier for competitors</p> <p>Mass medium with local roots</p> <p>Wegener is national market leader in this medium</p> <p>Good geographic coverage though not national coverage</p> <p>Late copy delivery</p> <p>Lack of management information</p> <p>Not same day of issue throughout</p> <p>Limited editorial</p>

Table A12: Characteristics of the organization

THE DEWOVEN SYMBIOSIS CASES

The following analysis is based on structured interviews, secondary information and company records. In the thesis, the unit of analysis is the integration approach - not taking into account the differences between the business unit and the markets they operate in. The differences could be significant and are therefore illustrated in the figures following.

ITC/K	WGG
Founded post acquisition	Within Wegener WGG was already established, ex-VNU print facilities were absorbed into existing organization
Headquarters in Apeldoorn	Headquarters in Apeldoorn
Provides ITC services to newspaper companies, door-to-door paper companies and WGG	Prints for newspaper companies, door-to-door companies and external clients.
Protected status till 2004	No competition and threshold for entry extremely high
ITC/K transgresses from a utility to an enabler	WGG transgresses from a cost center to a profit center
Customer/client relationships envisaged.	

Table A13: The market in which the respective companies operate

ITC/K	WGG
Wegener companies are clients at market prices	Print orders for 9 Wegener newspaper companies, 3 door-to-door paper companies and external customers
ITC procurement, hard-and software, personnel on need to basis from third parties	Took over pre-press activities
Hardware maintenance	
Software development, installation and maintenance	

Table A14: The revenue drivers of the respective companies

ITC/K		WGG	
Number of full-time jobs: 221 (fte)		Number of full-time jobs: NG	
Age structure: NG		Age structure: NG	
Average tenure in years: NG		Average tenure in years: NG	
Management & Staff: 6 Operations: 215		Management & Staff: NG Operations: NG	
Absenteeism: Perceived absenteeism: Hardly any Perceived turnover: Divergent views, from none to problematic within one division		Absenteeism: Perceived absenteeism: Yes, but not evenly spread Perceived turnover: None, this is mostly due to the monopolistic position of Wegener in printing business	

Table A15: The cost drivers of the respective companies

ITC/K	WGG
<p>In-house expertise of newspaper market and operations, combining previous fragmented expertise and experience</p> <p>Operates in a market where personnel is scarce</p> <p>Market salaries and career prospects are different from those in the newspaper industry</p> <p>Advice</p> <p>Application selection</p> <p>Procurement, hard and software plus external staff</p> <p>Implementation</p> <p>Operation</p> <p>Maintenance</p> <p>Management</p>	<p>Own staff</p> <p>Own central sales and marketing department</p> <p>Wegener and external clients</p> <p>8 printing facilities, 5 modern rotary offset printing plants</p> <p>Revenue and profit responsibility (profit center)</p> <p>Capacity study</p> <p>Installation of advanced technology</p> <p>Replacing traditional pre-press activities</p> <p>New advertisement management system</p> <p>Fully electronic make up of advertising pages</p> <p>Electronic order processing</p> <p>Together with newspaper companies and door-to-door papers part of Wegener's core activities</p>
<p><u>Contingency plans for economic downturn</u></p> <p>Market prices</p> <p>CRM, professional consultation process, service and planning</p> <p><u>Strategy towards customers</u></p> <p>From utility to enabler, flexible strategic service provider</p> <p>Professional client/supplier relationship between Wegener papers and ITC/K</p> <p>Seeks pro-actively customer intimacy and operational excellence, streamlining ICT infrastructure</p> <p>Quality service and expert advice</p> <p>Integrated ITC application, operation and management services</p> <p>Reduction of cost at same service level and efficiency improvement by common systems and operational control</p> <p>Cost allocation based on required service level and actual use</p>	<p><u>Contingency plan for economic downturn</u></p> <p>Third party print orders less cyclical</p> <p>Optimal capacity use</p> <p><u>Strategy towards customers</u></p> <p>Good quality printing</p> <p>Delivery on time</p> <p>Operational excellence</p>

Table A16: Characteristics of the organization

APPENDIX B

VIGNETTE QUESTIONNAIRE

VIGNETTE MANIPULATION CHECK QUESTIONNAIRE (MODEL A)

TABLES MANUPULATION CHECK

This questionnaire consists of two parts. The first part consists of factual questions, in the second part you are asked to transpose yourself into four imaginary situations (vignettes). Each vignette is followed by the same set of questions. It goes without saying that the data you provide will remain confidential. The filling in of the questionnaire is much appreciated and will take approximately 15 minutes.

PART 1
Please color the rectangle, preceding the answer of your choice, black.

1. Gender:
☐ male ☐ female
2. Age category:
☐ under 25 ☐ 31-35 ☐ 41-45 ☐ 51-55
☐ 25-30 ☐ 36-40 ☐ 46-50 ☐ over 55
3. Nationality:
What was your nationality at birth
What is your current nationality (if different)
4. Years of employment with your present employer:
☐ less than 2 year ☐ 2-5 year ☐ 5-10 year ☐ over 10 year
5. My position would best be described as:
☐ I am a manager in charge of other managers
☐ I am a manager who is in charge of people that are not managers themselves
☐ I am an individual contributor (e.g. sales representative)
☐ other
6. My highest degree is:
☐ vocational ☐ high school ☐ other,
☐ technical ☐ university
7. My degree is in:
☐ Economy ☐ Journalism ☐ Languages ☐ Psychology
☐ Sociology ☐ Engineering ☐ IT ☐ Law
☐ Education ☐ Marketing/Sales ☐ Administration ☐ Other
8. Is your present position in congruence with your educational background (for instance a lawyer in the legal department) ?
☐ Yes ☐ No ☐ Not applicable
9. People of my educational background, work experience, and age find another job:
☐ within three months ☐ within a year ☐ with great difficulty

PART II: The four vignettes

Please read each situation thoroughly before answering.

Imagine that you work for a company, which is one of the best in its sector. A while ago your company was acquired by a competitor. The new owner will invest in the company, the future of the company is not at stake. Though you have not received a lot of information, the company is full of talk about pending cost cutting exercises. You and your colleagues fear that mass lay-offs cannot be prevented. The operations of your division will be managed from one of the regional offices of the acquirer. It is known throughout the industry that it is cheaper to concentrate all operations at one location.

How would you react should you find yourself in the situation described above?

Please, circle the answer you feel to be most accurate.

The number of the question is repeated behind the answers to ease the strain on your eyes.

- 1 = strongly agree
2 = agree
3 = somewhat agree
4 = agree nor disagree
5 = somewhat disagree
6 = disagree
7 = strongly disagree

- | | | | | | | | | |
|---|---|---|---|---|---|---|---|------|
| 10. In this situation, I would chose not to rock the boat and think twice before offering creative solutions. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (10) |
| 11. I would be surprised if cooperation between divisions would be smooth. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (11) |
| 12. I would not be surprised if absenteeism was high. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (12) |
| 13. In the above described situation, I would not be inclined to share specific professional knowledge. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (13) |
| 14. I would not consider voluntary overtime. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (14) |
| 15. Working for the company described, I would find substantial differences in job security between management and work floor acceptable. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (15) |
| 16. I would not assume that earlier made career promises would be adhered to. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (16) |
| 17. Should I have a better approach, I would come forward without hesitation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (17) |
| 18. I would find it risky to depend on colleagues to achieve goals. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (18) |
| 19. I would not feel loyal to a company as described in the vignette. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (19) |

In this case you work for a company which has been acquired for its specific specialist knowledge. The acquiring company leaves the management in the hand of the present incumbents. Though ambitious in its goals for the next three years, it is a matter of fact that the means to attain the proposed goals have been made available.

**How would you react should you find yourself in the situation described above?
Please, circle the answer you feel to be most accurate.**

**1 = strongly agree
2 = agree
3 = somewhat agree
4 = agree nor disagree
5 = somewhat disagree
6 = disagree
7 = strongly disagree**

- | | |
|---|----------------------------------|
| 20. In this situation, I would chose not to rock the boat and think twice before offering creative solutions. | 1 2 3 4 5 6 7 (20) |
| 21. I would be surprised if cooperation between divisions would be smooth. | 1 2 3 4 5 6 7 (21) |
| 22. I would not be surprised if absenteeism was high. | 1 2 3 4 5 6 7 (22) |
| 23. In the above described situation, I would not be inclined to share specific professional knowledge. | 1 2 3 4 5 6 7 (23) |
| 24. I would not consider voluntary overtime. | 1 2 3 4 5 6 7 (24) |
| 25. Working for the company described, I would find substantial differences in job security between management and work floor acceptable. | 1 2 3 4 5 6 7 (25) |
| 26. I would not assume that earlier made career promises would be adhered to. | 1 2 3 4 5 6 7 (26) |
| 27. Should I have a better approach, I would come forward without hesitation. | 1 2 3 4 5 6 7 (27) |
| 28. I would find it risky to depend on colleagues to achieve goals. | 1 2 3 4 5 6 7 (28) |
| 29. I would not feel loyal to a company as described in the vignette. | 1 2 3 4 5 6 7 (29) |

Consider working for an organization which, has been bought by a supplier. By optimizing and aligning the operations of both companies it is expected to enhance profitability. It has been agreed upon that the acquirer will not directly be involved in the operations, though often there is a request to provide further information. Frequently external experts are hired to search for coordination benefits between both companies. Immediately following the acquisition you have been informed in a personal conversation that you are a valuable and difficult to replace employee.

How would you react should you find yourself in the situation described above?

Please, circle the answer you feel to be most accurate.

1 = strongly agree
2 = agree
3 = somewhat agree
4 = agree nor disagree
5 = somewhat disagree
6 = disagree
7 = strongly disagree

- | | | | | | | | | |
|---|---|---|---|---|---|---|---|------|
| 30. In this situation, I would chose not to rock the boat and think twice before offering creative solutions. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (30) |
| 31. I would be surprised if cooperation between divisions would be smooth. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (31) |
| 32. I would not be surprised if absenteeism was high. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (32) |
| 33. In the above described situation, I would not be inclined to share specific professional knowledge. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (33) |
| 34. I would not consider voluntary overtime. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (34) |
| 35. Working for the company described, I would find substantial differences in job security between management and work floor acceptable. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (35) |
| 36. I would not assume that earlier made career promises would be adhered to. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (36) |
| 37. Should I have a better approach, I would come forward without hesitation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (37) |
| 38. I would find it risky to depend on colleagues to achieve goals. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (38) |
| 39. I would not feel loyal to a company as described in the vignette. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (39) |

Imagine, about a year ago your company was acquired by a foreign party. In contrast to the initial expectations of substantial synergies, massive losses have been incurred. Many of your colleagues have left the company, and just about everybody is updating his resume. Cooperation with the acquirer is fraught with miscommunication and friction. Of late, you no longer know what is expected of you. Before the dust settles there seems to be yet another round of reorganization. Due to circumstances, you spend a great deal of your time reassuring employees, rather than being able to perform your own job adequately.

**How would you react should you find yourself in the situation described above?
Please, circle the answer you feel to be most accurate.**

**1 = strongly agree
2 = agree
3 = somewhat agree
4 = agree nor disagree
5 = somewhat disagree
6 = disagree
7 = strongly disagree**

- | | | | | | | | | |
|---|---|---|---|---|---|---|---|------|
| 40. In this situation, I would chose not to rock the boat and think twice before offering creative solutions. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (40) |
| 41. I would be surprised if cooperation between divisions would be smooth. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (41) |
| 42. I would not be surprised if absenteeism was high. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (42) |
| 43. In the above described situation, I would not be inclined to share specific professional knowledge. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (43) |
| 44. I would not consider voluntary overtime. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (44) |
| 45. Working for the company described, I would find substantial differences in job security between management and work floor acceptable. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (45) |
| 46. I would not assume that earlier made career promises would be adhered to. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (46) |
| 47. Should I have a better approach, I would come forward without hesitation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (47) |
| 48. I would find it risky to depend on colleagues to achieve goals. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (48) |
| 49. I would not feel loyal to a company as described in the vignette. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | (49) |

Thank you sincerely.

Dear respondent,

As part of doctoral research on the subject of Mergers and Acquisitions, I am in the process of testing some findings from my field research through a vignette-based experiment. For this I am performing a manipulation check to examine whether the vignettes are reflecting the variables they are supposed to reflect to the exclusion of others. I thank you for your assistance in this.

Following you will find two vignettes (scenario's) that pertain to M&A. Each vignette is followed by 10 questions. Please read each situation thoroughly before answering.

The questionnaire is of course anonymous.

The exercise should take no more than 10 minutes of your time.

Thank you sincerely for your time and effort.

Imagine that you work for a company, which is one of the best in its sector. A while ago your company was acquired by a competitor. The new owner will invest in the company, the future of the company is not at stake. Though you have not received a lot of information, the company is full of talk about pending cost cutting exercises. You and your colleagues fear that mass lay-offs cannot be prevented. The operations of your division will be managed from one of the regional offices of the acquirer. It is known throughout the industry that it is cheaper to concentrate all operations at one location.

How would you evaluate the situation described above? Please, circle the answer you feel to be most accurate.

-3 = strongly disagree
 -2 = disagree
 -1 = somewhat disagree
 0 = do not have enough information to either agree nor disagree
 1 = somewhat agree
 2 = agree
 3 = strongly agree

1. Post acquisition, the management of the acquired company has little autonomy
-3 -2 -1 0 1 2 3
2. To achieve the acquisition purpose the acquired company needs to interact substantially with the acquiring company
-3 -2 -1 0 1 2 3
3. The acquired company is substantially smaller than the acquiring company
-3 -2 -1 0 1 2 3
4. This acquisition requires Regulatory approval
-3 -2 -1 0 1 2 3
5. The acquiring company does have extensive acquisition experience
-3 -2 -1 0 1 2 3
6. The management of the acquired company has limited freedom to operate the acquired company as it sees fit
-3 -2 -1 0 1 2 3
7. The management of the acquired company requires the approval of the acquiring company for the smallest of decisions.
-3 -2 -1 0 1 2 3
8. Divisions at the acquired company need to operate in close relationship with departments of the acquiring company
-3 -2 -1 0 1 2 3
9. Culture differences between the acquired and acquiring company are apparent in the situation described above
-3 -2 -1 0 1 2 3
10. To achieve the acquisition purpose, the acquired company is interacting substantially with departments of the acquiring company
-3 -2 -1 0 1 2 3

In this case you work for a company which has been acquired for its specific specialist knowledge. The acquiring company leaves the management in the hand of the present incumbents. Though ambitious in its goals for the next three years, it is a matter of fact that the means to attain the proposed goals have been made available.

How would you evaluate the situation described above? Please, circle the answer you feel to be most accurate.

- 3 = strongly disagree
- 2 = disagree
- 1 = somewhat disagree
- 0 = do not have enough information to either agree nor disagree
- 1 = somewhat agree
- 2 = agree
- 3 = strongly agree

1. Post acquisition, the management of the acquired company has little autonomy
-3 -2 -1 0 1 2 3
2. To achieve the acquisition purpose the acquired company needs to interact substantially with the acquiring company
-3 -2 -1 0 1 2 3
3. The acquired company is substantially smaller than the acquiring company
-3 -2 -1 0 1 2 3
4. This acquisition requires Regulatory approval
-3 -2 -1 0 1 2 3
5. The acquiring company does have extensive acquisition experience
-3 -2 -1 0 1 2 3
6. The management of the acquired company has limited freedom to operate the acquired company as it sees fit
-3 -2 -1 0 1 2 3
7. The management of the acquired company requires the approval of the acquiring company for the smallest of decisions.
-3 -2 -1 0 1 2 3
8. Divisions at the acquired company need to operate in close relationship with departments of the acquiring company
-3 -2 -1 0 1 2 3
9. Culture differences between the acquired and acquiring company are apparent in the situation described above
-3 -2 -1 0 1 2 3
10. To achieve the acquisition purpose, the acquired company is interacting substantially with departments of the acquiring company
-3 -2 -1 0 1 2 3

TABLES MANUPULATION CHECK

	Component			
	1	2	3	4
Limited autonomy	.878			
Substantial interdependence		.817		
Acquired smaller			.333	.828
Regulator approval needed			-.317	
Acquirer experience			.845	
Limited autonomy	.864			
Limited autonomy	.819			
Substantial interdependence		.789		
Cultural difference apparent		.254	-.472	.668
Substantial interdependence		.737		

Table B1. Rotated Component Matrix of Manipulation Check Scale

RELIABILITY ANALYSIS		
N = 207		
	scale variance if item deleted	corrected item-total correlation
The autonomy construct		
Alpha = .8562		
VAR00001	10.94	.74
VAR00006	11.54	.76
VAR00007	12.26	.70
The interdependence construct		
Alpha = .7346		
VAR00002	7,50	.56
VAR00008	7,59	.62
VAR00010	8,80	.50

Table B2. Inter-correlation Test of Manipulation Check Scales

	Autonomy construct	Interdependence construct
Valid N	207	207
Skewness	-.072	-.633
Std. Error of Skewness	.169	.169
Kurstosis	-.885	.316
Std. Error of Skewness	.337	.337

Table B3. One-sample Kolmogorov-Smirnov Statistitics

	Levene statistics	df1	df2	Sign.
Autonomy construct	1.703	3	203	.168
Interdependence construct	5.245	3	203	.002

Table B4. Levene Test of Homogeneity of Variances

	Sum of squares	df	Mean square	F	Sign.
Autonomy construct					
Between groups	247.583	3	82.245	54.225	.000
Within groups	308.958	203	1,522		
Total	556.541	206			
Interdependence construct					
Between groups	59.073	3	19.691	13.191	.000
Within groups	303.038	203	1.493		
Total	362.111	206			

Table B5. ANOVA

APPENDIX C

ABSTRACT IN DUTCH

Abstract

Het doel van deze studie is een beter begrip te krijgen van het proces, leidende naar strategy realisatie, in fusies en overnames. Wetenschappelijke literatuur verwijst naar cultuur als een belangrijk struikelblok in dit proces.

Dit leidt naar onze twee belangrijkste onderzoeksvragen: (1) Waarom hebben cultuurverschillen het potentieel de realisatie van strategie te beïnvloeden? (2) Hoe beïnvloeden cultuurverschillen het strategie realisatie proces?

Deze thesis is een 'multiple method' onderzoek. Het hiervoor opgezette project bestaat uit een kwantitatief deel, namelijk een exploratieve veldstudie en een kwantitatieve deel waar in een experiment een voorname bevinding uit de veldstudie word getest.

De veldstudie is gesitueerd bij Wegener N.V., een Nederlands beursgenoteerd bedrijf in de informatie service industrie. De veldstudie beslaat 14 aparte bedrijven die deel uit maken van het daaropvolgende proces om de krantentitels van het VNU concern te integreren. Zij het dat deze zelfstandige bedrijven niet alle in gelijke mate integreren. De gekozen integratie wijzen corresponderen met een reeds vanuit de acquisitie literatuur bekend raamwerk (Haspeslagh and Farquhar 1986). In additie tot de drie beschreven integratie wijzen observeerde we een aantal gevallen waar delen uit de waardeketen van bedrijven werden gelicht. Dit om ze vervolgens te combineren in een nieuwe zelfstandige entiteit. We noemen dit 'de-weaving'. Op basis van strategische afwegingen groepeerd men voormalige bedrijfsonderdelen tot een volwaardig bedrijf teneinde het behalen van synergie te faciliteren.

Voorals de bevinding dat inter- en intra bedrijfssamenwerkingsverbanden niet noodzakelijkerwijze negatief beïnvloedt worden door de mate van cultuur verschillen of door de mate van contact tussen de acquisitie partijen is opmerkelijk.

Ongeacht de grote cultuurverschillen tussen de acquisitie partners – iets wat in deze studie constant werd gehouden – wijzen respondenten op het feit dat het niet de cultuurverschillen zijn die de integratie processen negatief beïnvloeden maar onzekerheid. Deze onzekerheid vloeit voort uit het integratie proces, de invloed varieert al naar gelang het type integratie dat geïmplementeerd wordt. Bovendien ervaart men onzekerheid als tweeledig, organisatorische onzekerheid en persoonlijke onzekerheid.

De bevindingen in de veldstudie zijn niet alleen verrassend, ze zijn bovendien in hoge mate afwijkend van wat in wetenschappelijke literatuur gesteld wordt. Hierbij dient aangetekend te worden dat niemand kan uitsluiten dat bevindingen in veldstudies bepaald worden door situationele omstandigheden. Vandaar dat voorzichtigheid geboden is en we gezien het belang van de bevindingen besloten de generaliseerbaarheid ervan te testen.

In het kwantitatieve luik van de studie wordt de inductieve hypothese – cultuur is een dynamisch fenomeen - tegen het licht gehouden. We hebben dit gedaan op de meest rigoureuze manier mogelijk, namelijk door middel van een experiment. Een experiment, meer dan enig andere kwantitatieve test, stelt onderzoekers in staat om fouten in metingen te beperken. We hebben er naar gestreefd een experiment op te zetten dat aan de hoogste eisen van betrouwbaarheid, validiteit en 'statistical power' voldoet.

Gebaseerd op een steekproef van 802 respondenten, die of midden in een integratie proces zaten, of daarvan aan de vooravond stonden, werden gegevens verzameld door middel van een op vignetten gebaseerde vragenlijst. Omdat generaliseerbaarheid zo belangrijk is achtten we het niet alleen opportuun dat de steekproef willekeurig werd getrokken uit de doelgroep populatie, tevens hebben we er zorg voor gedragen dat de steekproef heterogeen was (leeftijd, geslacht, nationaliteit, aantal dienstjaren, functie, niveau van de functie in de hiërarchie, opleiding, overeenstemming tussen opleiding en functie, en tijd waarbinnen men dacht een andere baan te vinden).

Elk van de vier vignetten (scenario's die de integratie processen beschreven) werd gevolgd door viermaal dezelfde 10 vragen die cultuur maten. Met een significantie van .001 en een 'statistical power' van 1 wordt de nul hypothese – cultuur verschilt niet doorheen de integratie wijzen – weerlegd. De resultaten wijzen erop dat het sociale construct cultuur universeel onderhevig is aan invloeden die teweeg gebracht worden door veranderingen in het niveau van toegestane autonomie en het niveau van vereiste strategische afhankelijkheid. Kortom door veranderingen in de structuur van een bedrijf.

De studie zorgt voor een beter begrip van waarom en hoe cultuur een impact heeft op strategie realisatie in fusies en overnames.

Onze eerste onderzoeksvraag namelijk waarom cultuur verschillen een invloed hebben op strategie realisatie wordt beantwoord door de observatie dat post-acquisitie strategie realisatie voor een groot gedeelte berust op het uitvoeren van niet-routine taken. Tijdens post-acquisitie integratie is 'business not as usual' en strategie realisatie hangt daarom af van initiatieven en proactief gedrag hetgeen inter- en intra-bedrijf interactie en coöperatie faciliteert. Het is nodig, dat doorheen de hiërarchie, werknemers taken vervullen die verschillen van wat eerder in het takenpakket behoorden, taken die situatie specifiek zijn en nog niet zijn gekristalliseerd in formele taakomschrijvingen.

De tweede onderzoeksvraag, hoe beïnvloedt cultuur strategie realisatie wordt verduidelijkt door het feit dat cultuur waarschijnlijk een statisch gegeven is waar het rituelen en overblijfselen betreft maar dynamisch waar het gedrag van werknemers betreft.

Er worden conclusies getrokken aangaande de importantie de juiste integratie wijze te selecteren vis à vis de strategische en organisatorische taken en aangaande de belangrijkheid om onzekerheid inherent aan post-acquisitie integratie processen te adresseren.